

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**  
**(A Component Unit of the State of Rhode Island)**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2020 AND 2019**

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**  
(A Component Unit of the State of Rhode Island)

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Rhode Island Health and Educational Building Corporation**

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

We have audited the accompanying financial statements of Rhode Island Health and Educational Building Corporation (a component unit of the State of Rhode Island) (the "Corporation"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Rhode Island Health and Educational Building Corporation, as of June 30, 2020 and 2019, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Rhode Island Health and Educational Building Corporation's basic financial statements. The combining statement of net position, combining statement of revenues, expenses and changes in net position, schedule of travel, entertainment and educational expenses and the State of Rhode Island required format on Pages 43-49 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. This 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 combining statement of net position, combining statement of revenues, expenses and changes in net position, schedule of travel, entertainment and educational expenses and the State of Rhode Island required format are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020 on our consideration of Rhode Island Health and Educational Building Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rhode Island Health and Educational Building Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rhode Island Health and Educational Building Corporation's internal control over financial reporting and compliance.

*Marcum LLP*

Providence, RI  
October 23, 2020

# **RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION**

**(A Component Unit of the State of Rhode Island)**

## **Management's Discussion and Analysis**

**June 30, 2020 and 2019**

The Rhode Island Health and Educational Building Corporation (the "Corporation") offers readers of these financial statements a narrative overview of the financial position and activities of the Corporation for the fiscal years ended June 30, 2020 and 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes, which are separately provided.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Corporation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") as applied to governmental units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses and Changes in Net Position. The Corporation's basic financial statements are comprised of the following components:

*Statements of Net Position* – Presents information on all of the Corporation's assets and liabilities for the last two fiscal years, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

*Statements of Revenues, Expenses and Changes in Net Position* – Presents information showing how the Corporation's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. accrued compensable absences).

*Statements of Cash Flows* – Presents the sources and uses of funds of the Corporation for the last two fiscal years, including cash flows from operating, capital financing, non-capital financing and investing activities.

*Notes to the Basic Financial Statements* – The notes provide additional information essential for a full understanding of the basic financial statements. The notes are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

# **RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION**

**(A Component Unit of the State of Rhode Island)**

## **Management's Discussion and Analysis - Continued**

**June 30, 2020 and 2019**

### **FINANCIAL HIGHLIGHTS – FY 2020**

- During FY 2020 the Corporation received a \$132,679 appropriation from the State of Rhode Island for the School Building Authority Capital Fund (“SBACF”) program.
- During FY 2020 the Corporation received \$26,852,644 from the State of Rhode Island for the School Construction Bond (“PayGo”) program.
- During FY 2020 the Corporation completed 11 bond financings totaling \$197,258,500 as compared to 15 bond financings completed during FY 2019 totaling \$245,677,000.
- During FY 2020 the Corporation transferred \$770,945 to the State of Rhode Island’s general fund for the funding of limited personnel expenses of the School Building Authority.
- Total assets for FY 2020 are \$29,178,397, a decrease of \$5,634,265 or 16% over total assets for FY 2019.
- Cash and cash equivalents, funds on deposit with custodian, and investments for FY 2020 are \$22,493,290, a decrease of \$6,075,656 or 21% over cash and cash equivalents, funds on deposit with custodian, and investments for FY 2019.
- Operating revenues for FY 2020 are \$29,413,525, an increase of \$4,944,565 or 20% over operating revenues for FY 2019.
- Operating expenses for FY 2020 are \$35,400,413, an increase of \$18,992,994 or 116% over operating expenses for FY 2019.
- Change in net position for FY 2020 is \$(6,189,137), a decrease of \$13,916,954 or 180% over the change in net position for FY 2019.

# **RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION**

**(A Component Unit of the State of Rhode Island)**

## **Management's Discussion and Analysis - Continued**

**June 30, 2020 and 2019**

### **FINANCIAL HIGHLIGHTS – FY 2019**

- During FY 2019 the Corporation received a \$14,173,017 appropriation from the State of Rhode Island for the School Building Authority Capital Fund (“SBACF”) program.
- During FY 2019 the Corporation received \$7,163,472 from the State of Rhode Island for the School Construction Bond (“PayGo”) program.
- During FY 2019 the Corporation completed 15 bond financings totaling \$245,677,000 as compared to 9 bond financings completed during FY 2018 totaling \$380,205,000.
- During FY 2019 the Corporation transferred \$737,734 to the State of Rhode Island’s general fund for the funding of limited personnel expenses of the School Building Authority.
- Total assets for FY 2019 are \$34,812,662, an increase of \$10,856,435 or 45% over total assets for FY 2018.
- Cash and cash equivalents, funds on deposit with custodian, and investments for FY 2019 are \$28,568,946, an increase of \$7,609,412 or 36% over cash and cash equivalents, funds on deposit with custodian, and investments for FY 2018.
- Operating revenues for FY 2019 are \$24,468,960, an increase of \$11,653,736 or 91% over operating revenues for FY 2018.
- Operating expenses for FY 2019 are \$16,407,419, an increase of \$1,761,189 or 12% over operating expenses for FY 2018.
- Change in net position for FY 2019 is \$7,727,817, an increase of \$15,273,943 or 202% over the change in net position for FY 2018.



# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

## Management's Discussion and Analysis - Continued

June 30, 2020 and 2019

### FINANCIAL ANALYSIS

#### Condensed Summaries of Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Capital assets, net	\$ 25,243	\$ 25,910	\$ 22,473
Other assets	<u>29,153,154</u>	<u>34,786,752</u>	<u>23,933,754</u>
Total assets	<u>29,178,397</u>	34,812,662	23,956,227
Other liabilities	<u>6,734,135</u>	<u>6,179,263</u>	<u>3,050,645</u>
Total liabilities	<u>6,734,135</u>	<u>6,179,263</u>	<u>3,050,645</u>
Net investment in capital assets	25,243	25,910	22,473
Restricted – School Building Authority Capital Fund	13,936,549	20,556,786	13,685,281
Unrestricted	<u>8,482,470</u>	<u>8,050,703</u>	<u>7,197,828</u>
Total net position	\$ <u>22,444,262</u>	\$ <u>28,633,399</u>	\$ <u>20,905,582</u>

#### Capital Assets

Capital assets decreased 3% during FY 2020 due to the net effect of the Corporation recording \$9,924 of depreciation, investing \$9,967 in capital assets, and disposing of \$710 of capital assets.

Capital assets increased 15% during FY 2019 due to the net effect of the Corporation recording \$9,187 of depreciation, investing \$14,994 in capital assets, and disposing of \$2,370 of capital assets.

# **RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION**

**(A Component Unit of the State of Rhode Island)**

## **Management's Discussion and Analysis - Continued**

**June 30, 2020 and 2019**

### **Capital Assets (Continued)**

Neither the SBACF nor the PayGo programs are invested in capital assets.

### **Total Assets**

Total assets decreased \$5.6 million or 16% during FY 2020 due to the net effect of the Corporation's increase in funds on deposit with custodian of \$3.3 million, the SBACF's decrease in funds on deposit with custodian and appropriations receivable of \$8.9 million and \$1.1 million respectively, and the PayGo program's decrease in funds on deposit with custodian of \$700,000 and an increase in amount due from state of \$1.9 million.

Total assets increased \$10.9 million or 45% during FY 2019 due to the Corporation's increase in cash and cash equivalents, funds on deposit with custodian, and investments of \$1 million, the SBACF's increase in funds on deposit with custodian and appropriations receivable of \$3.7 million and \$1.2 million respectively, and the establishment of the PayGo program which held assets of \$5.0 million at year-end.

### **Total Liabilities**

Total liabilities increased \$600,000 or 9% during FY 2020 due to the net effect of a \$3.1 million increase in the Corporation's payables, a \$1.1 million increase in the SBACF program's accrued project costs payable and a \$3.5 million decrease in the PayGo program's accrued project costs payable.

Total liabilities increased \$3.1 million or 103% during FY 2019 due to the net effect of a \$2.0 million decrease in the SBACF program's accrued project costs payable and the establishment of the PayGo program which had \$5.0 million of accrued project costs payable at year-end.

### **Total Net Position**

As required by GASB 46, the Corporation's net position is classified as either net investment in capital assets, restricted or unrestricted. Most of the Corporation's unrestricted funds are, in fact, designated by the Corporation's Board of Directors for specific purposes and programs. The nature of these specifications, however, does not meet the requirements of GASB 46 to be classified as restricted in the financial statements. The specific designations and corresponding amounts can be found in the notes to the financial statements.

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

## Management's Discussion and Analysis - Continued

June 30, 2020 and 2019

### Condensed Summaries of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues:			
Administrative fees	\$ 2,376,665	\$ 3,074,171	\$ 2,388,962
State appropriations	132,679	14,173,017	10,364,079
Transfer from State	26,852,644	7,163,472	-
Interest earned on loans receivable	<u>51,537</u>	<u>58,300</u>	<u>62,183</u>
Total operating revenues	<u>29,413,525</u>	<u>24,468,960</u>	<u>12,815,224</u>
Operating expenses:			
Administrative	1,371,295	1,653,609	1,510,687
Project cost grants	34,019,194	14,680,380	12,875,975
Grants	-	-	250,000
Payment to local institution	-	64,243	-
Depreciation	<u>9,924</u>	<u>9,187</u>	<u>9,568</u>
Total operating expenses	<u>35,400,413</u>	<u>16,407,419</u>	<u>14,646,230</u>
Operating (loss) income	<u>(5,986,888)</u>	<u>8,061,541</u>	<u>(1,831,006)</u>
Non-operating revenues (expenses):			
Interest income	114,714	168,150	173,221
Interest earned on funds on deposit with custodian	193,698	27,776	22,099
Other income	260,994	210,454	89,560
Loss on disposal of capital assets	(710)	(2,370)	-
Payment to primary state government	<u>(770,945)</u>	<u>(737,734)</u>	<u>(6,000,000)</u>
Total non-operating expenses	<u>(202,249)</u>	<u>(333,724)</u>	<u>(5,715,120)</u>
(Decrease) increase in net position	(6,189,137)	7,727,817	(7,546,126)
Net position, at beginning of year	<u>28,633,399</u>	<u>20,905,582</u>	<u>28,451,708</u>
Net position, at end of year	\$ <u>22,444,262</u>	\$ <u>28,633,399</u>	\$ <u>20,905,582</u>

# **RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION**

**(A Component Unit of the State of Rhode Island)**

## **Management's Discussion and Analysis - Continued**

**June 30, 2020 and 2019**

### **Revenues**

#### Administrative Fees

Administrative fee revenue decreased \$697,506 or 23% for FY 2020. A legislative change reduced the amount of the administrative fee the Corporation collects from school districts. This resulted in a decrease of \$609,608 or 89% for this revenue source for FY 2020. The revenues collected from school districts are restricted for the purpose of funding limited personnel expenses of the School Building Authority. Revenues from all other borrowers decreased \$87,898 or 4% for FY 2020.

Administrative fee revenue increased \$685,209 or 29% for FY 2019 due to the receipt of \$681,448 from school districts as one-time administrative fees. These revenues are restricted for the purpose of funding limited personnel expenses of the School Building Authority.

#### State Appropriation - SBACF

During FY 2020 the SBACF program received a \$132,679 appropriation from the State of Rhode Island, a decrease of \$14.0 million or 99% over FY 2019.

During FY 2019 the SBACF program received a \$14.2 million appropriation from the State of Rhode Island, an increase of \$3.8 million or 37% over FY 2018.

#### Transfer from State - PayGo

During FY 2020 the PayGo program received \$26.9 million from the State of Rhode Island, an increase of \$19.7 million or 275% over FY 2019.

During FY 2019 the PayGo program received \$7.2 million from the State of Rhode Island, while there was no such funding in FY 2018.

# **RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION**

**(A Component Unit of the State of Rhode Island)**

## **Management's Discussion and Analysis - Continued**

**June 30, 2020 and 2019**

### **Expenses**

#### Administrative

Administrative expenses decreased \$282,314 or 17% during FY 2020 due to decreases in personnel related expenses of \$168,300, audit expenses of \$32,700, and miscellaneous expenses of \$34,500.

Administrative expenses increased \$142,922 or 9% during FY 2019 due to an increase in salary expenses of \$100,500 and an increase in audit expenses of \$36,500.

#### Project Cost Grants - SBACF

During FY 2020, the SBACF program reported project cost grant expenses totaling \$11.8 million, an increase of \$4.3 million or 57% over FY 2019.

During FY 2019, the SBACF program reported project cost grant expenses totaling \$7.5 million, a decrease of \$5.4 million or 42% over FY 2018.

#### Project Cost Grants - PayGo

During FY 2020, the PayGo program reported project cost grant expenses totaling \$22.3 million, an increase of \$15.1 million or 211% over FY 2019.

During FY 2019, the PayGo program reported project cost grant expenses totaling \$7.2 million, while there were no such expenses in FY 2018.

#### Payments to the State

During FY 2020, the Corporation made payments to the State of Rhode Island's general fund totaling of \$770,945 to support limited personnel expenses of the School Building Authority, an increase of 4.5% over FY 2019.

During FY 2019, the Corporation made payments to the State of Rhode Island's general fund totaling of \$737,734 to support limited personnel expenses of the School Building Authority, while there were no such expenses in FY 2018. The Corporation did, however, transfer \$6.0 million to the State of Rhode Island's general fund to support the State's budget shortfall in FY 2018.

# **RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION**

**(A Component Unit of the State of Rhode Island)**

## **Management's Discussion and Analysis - Continued**

**June 30, 2020 and 2019**

### **CONDUIT DEBT**

	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Bonds Payable	<b>\$ <u>3,120,499,858</u></b>	<b>\$ <u>3,198,828,751</u></b>	<b>\$ <u>3,151,194,380</u></b>

The Corporation issued \$197,258,500 of conduit debt during FY 2020. Of that amount, approximately \$105,220,830 was issued to finance new projects and \$92,037,670 was issued to refund prior bonds.

The Corporation issued \$245,677,000 of conduit debt during FY 2019. Of that amount, approximately \$212,624,682 was issued to finance new projects and \$33,052,318 was issued to refund prior bonds.

More detail on the Corporation's conduit debt can be found in the notes to the financial statements.

### **FACTORS AFFECTING FUTURE OPERATIONS**

The Corporation's financing activity has not been significantly affected by the COVID-19 pandemic. Due to the effects of the pandemic on the economy, the Corporation recently established an emergency loan program to assist borrowers who are unable to make debt service payments on their bonds. At June 30, 2020, only one borrower has requested a loan from this program. The Corporation is currently preparing to issue up to \$38 million of Public Schools Revenue Bonds and up to \$42 million of Higher Education Facility Revenue Bonds.

#### **SBACF**

The state has begun allocating less funding to the SBACF program due to more projects being funded through the PayGo Program.

#### **PayGo**

Of the \$250,000,000 bonds authorized by the Rhode Island General Assembly and approved by voters, \$100,000,000 has been issued at June 30, 2020. The bond proceeds are used to support state school housing aid on a pay-as-you-go basis. The Corporation is the administrator of this funding program.

# **RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION**

**(A Component Unit of the State of Rhode Island)**

## **Management's Discussion and Analysis - Continued**

**June 30, 2020 and 2019**

### **CONTACTING THE CORPORATION**

This financial report is designed to provide Rhode Island citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of the Corporation's accountability. If you have any questions about this report or need additional financial information, contact the Rhode Island Health and Educational Building Corporation, 55 Dorrance Street, Suite 300, Providence, RI 02903, or visit our website at [www.rihebc.com](http://www.rihebc.com).

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**  
(A Component Unit of the State of Rhode Island)

**STATEMENTS OF NET POSITION**

**JUNE 30, 2020 AND 2019**

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 7,886,055	\$ 7,525,327
Funds on deposit with custodian	14,607,235	20,963,619
Investments	--	80,000
Current portion of loans receivable	55,487	41,893
Current portion of School Building Authority Capital Fund loans receivable	477,447	511,905
Accounts receivable	93,619	9,675
Due from primary state government	4,212,775	3,387,904
Prepaid expenses	67,846	62,198
Accrued interest receivable	<u>17,774</u>	<u>21,367</u>
<b>Total Current Assets</b>	<u>27,418,238</u>	<u>32,603,888</u>
<b>Non-Current Assets</b>		
Loans receivable, net of current portion	614,629	595,605
School Building Authority Capital Fund loans receivable, net of current portion	1,120,287	1,587,259
Capital assets, net	<u>25,243</u>	<u>25,910</u>
<b>Total Non-Current Assets</b>	<u>1,760,159</u>	<u>2,208,774</u>
<b>Total Assets</b>	<u><u>\$ 29,178,397</u></u>	<u><u>\$ 34,812,662</u></u>

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



**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**

(A Component Unit of the State of Rhode Island)

**STATEMENTS OF NET POSITION (CONTINUED)**

**JUNE 30, 2020 AND 2019**

	2020	2019
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accrued expenses	\$ 73,310	\$ 93,364
Project costs and other commitments payable	6,437,603	5,748,693
Due to primary state government	223,222	222,206
Grants payable	<u>--</u>	<u>115,000</u>
<b>Total Liabilities</b>	<u>6,734,135</u>	<u>6,179,263</u>
<b>Net Position</b>		
Net investment in capital assets	25,243	25,910
Restricted - School Building Authority Capital Fund:		
Held for authorized projects	6,714,088	16,830,218
Available for future projects	7,222,461	3,726,568
Unrestricted	<u>8,482,470</u>	<u>8,050,703</u>
<b>Total Net Position</b>	<u>22,444,262</u>	<u>28,633,399</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 29,178,397</u></u>	<u><u>\$ 34,812,662</u></u>

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

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**

(A Component Unit of the State of Rhode Island)

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>Operating Revenues</b>		
Administration fees	\$ 2,376,665	\$ 3,074,171
State appropriations	132,679	14,173,017
Transfer from State	26,852,644	7,163,472
Interest earned on loans receivable	51,537	58,300
<b>Total Operating Revenues</b>	<u>29,413,525</u>	<u>24,468,960</u>
<b>Operating Expenses</b>		
Administrative	1,371,295	1,653,609
Project cost grants	34,019,194	14,680,380
Payment to local institution	--	64,243
Depreciation	9,924	9,187
<b>Total Operating Expenses</b>	<u>35,400,413</u>	<u>16,407,419</u>
<b>Operating (Loss) Income</b>	<u>(5,986,888)</u>	<u>8,061,541</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	114,714	168,150
Interest earned on funds on deposit with custodian	193,698	27,776
Other income	260,994	210,454
Loss on disposal of capital assets	(710)	(2,370)
Payment to primary state government	(770,945)	(737,734)
<b>Total Non-Operating Expenses</b>	<u>(202,249)</u>	<u>(333,724)</u>
<b>(Decrease) Increase in Net Position</b>	(6,189,137)	7,727,817
<b>Net Position - Beginning of Year</b>	<u>28,633,399</u>	<u>20,905,582</u>
<b>Net Position - End of Year</b>	<u><u>\$ 22,444,262</u></u>	<u><u>\$ 28,633,399</u></u>

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

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**  
(A Component Unit of the State of Rhode Island)

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>Cash Flows from Operating Activities</b>		
Cash received from institutions for administrative fees	\$ 2,292,721	\$ 3,091,625
Cash received from State - appropriations and transfers	26,160,452	17,948,585
Cash received from collections on loans receivable	543,333	150,000
Cash received from interest earned on loans receivable	55,130	41,733
Cash received from other sources	76,240	210,454
Payment for disbursement of loans receivable	(74,521)	--
Payment of project costs	(33,260,530)	(11,745,594)
Payment to local institution	--	(64,243)
Payment of employees for services	(479,393)	(687,510)
Payment to suppliers for goods and services	(917,604)	(1,001,042)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(5,604,172)</u>	<u>7,944,008</u>
<b>Cash Flows Used in Non-Capital Financing Activities</b>		
Payment to primary state government	<u>(769,929)</u>	<u>(515,528)</u>
<b>Cash Flow Used in Capital and Related Financing Activity</b>		
Purchase of capital assets	<u>(9,967)</u>	<u>(14,994)</u>
<b>Cash Flows Provided by Investing Activities</b>		
Proceeds from sale and maturities of investment securities	80,000	80,000
Investment income	<u>308,412</u>	<u>195,926</u>
<b>Net Cash Provided by Investing Activities</b>	<u>388,412</u>	<u>275,926</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(5,995,656)	7,689,412
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>28,488,946</u>	<u>20,799,534</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$ 22,493,290</u></u>	<u><u>\$ 28,488,946</u></u>

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

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**

(A Component Unit of the State of Rhode Island)

**STATEMENTS OF CASH FLOWS (CONTINUED)**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>Reconciliation of Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities:</b>		
Operating (loss) income	\$ (5,986,888)	\$ 8,061,541
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation	9,924	9,187
Other income	260,994	210,454
Changes in assets and liabilities:		
Accounts receivable	(83,944)	17,454
Due from primary government	(824,871)	(3,387,904)
Prepaid expenses	(5,648)	(6,569)
Accrued interest receivable	3,593	(16,567)
Loans receivable	468,812	150,000
Accrued expenses	(20,054)	(28,374)
Project costs and other commitments payable	688,910	3,069,786
Grants payable	(115,000)	(135,000)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b><u>\$ (5,604,172)</u></b>	<b><u>\$ 7,944,008</u></b>
<b>Cash and Cash Equivalents are made up of the following:</b>		
Cash and equivalents	\$ 7,886,055	\$ 7,525,327
Funds on deposit with custodian	<u>14,607,235</u>	<u>20,963,619</u>
	<b><u>\$ 22,493,290</u></b>	<b><u>\$ 28,488,946</u></b>

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

**RHODE ISLAND HEALTH AND EDUCATIONAL  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***ORGANIZATION***

Rhode Island Health and Educational Building Corporation (the “Corporation”, “RIHEBC”) is a component unit of the State of Rhode Island (the “State”) for financial reporting purposes. As such, the financial statements of the Corporation will be included in the State’s Comprehensive Annual Financial Report. The purpose of the Corporation is to aid eligible educational and healthcare institutions in Rhode Island gain access to capital, remain proactive in developing cost-effective programs, offer staff assistance and provide technical resources that benefit these institutions.

***SCHOOL BUILDING AUTHORITY CAPITAL FUND (“SBACF”)***

The State fiscal year 2016 budget legislation created the School Building Authority (“SBA”) within the Rhode Island Department of Education (“RIDE”). The purpose of the SBA is to manage the state’s school construction funding mechanisms as well as oversee school construction projects. To achieve its objective, the School Building Authority Capital Fund (“SBACF”) was established to address high priority projects in communities with limited financial resources. Under the provisions of Rhode Island General Law 45-38.2, the legislation assigned certain administrative duties related to the management and custody of monetary assets of SBACF to the Corporation, including establishing a trust to hold related monies, creating and maintaining SBACF’s account records and the distribution and management of SBACF’s award program.

Awards are approved and granted by RIDE/SBA for the purpose of repairing public school facilities for local education authorities (“LEAs”). Once approved, a portion of the project costs, based on the LEA’s state housing aid reimbursement rate, is provided as a grant. The LEA may also elect to fund the remaining share of their project costs through a loan from the SBACF. Funding of SBACF is expected to continue through annual appropriations from the legislature, interest earned on loans, bond refinance interest savings and other payments received by the Corporation pursuant to finance agreements with LEAs.

For fiscal years 2019 and 2020 the SBACF is providing funds to LEAs for technical assistance and guidance on the Necessity of School Construction application process. These funds are available to every LEA. For fiscal years 2020 and 2019, \$650,000 and \$3,000,000 was awarded to LEAs for this purpose. Costs are 100% state funded and provided on a pay-as-you-go basis.

**RHODE ISLAND HEALTH AND EDUCATIONAL  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***SCHOOL CONSTRUCTION BOND (“PayGo”)***

The State fiscal year 2019 budget legislation authorized a \$250M Statewide School Construction Bond (“PayGo”) which was approved by voters in the November 2018 election. The bond proceeds allow RIDE/SBA to provide LEAs who have been approved for Necessity of School Construction, with upfront funding as opposed to waiting until their project is completed to receive state aid. LEAs will be offered 15% of the state share of their total approval on a pay-as-you-go basis. To receive reimbursement for projects costs, LEAs must submit invoices to RIDE who will substantiate the work. Once the invoice is approved, RIDE will then authorize RIHEBC to release funding directly to the LEA. LEAs have two years to spend PayGo awards.

***BASIS OF PRESENTATION***

The Corporation’s financial statements include RIHEBC, SBACF and PayGo and have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”), as prescribed by the Governmental Accounting Standards Board (“GASB”). Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods or services is incurred, regardless of the timing of the related cash flows. All transactions between RIHEBC, SBACF and PayGo have been properly eliminated in preparation of the financial statements.

The Corporation has determined that it functions as a business-type activity as defined by GASB. The basic financial statements and required supplementary information for general purpose governments consist of management’s discussion and analysis, basic financial statements and required supplementary information.

**RHODE ISLAND HEALTH AND EDUCATIONAL  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***REVENUE RECOGNITION***

The principal operating revenues of the Corporation are administrative fees relating to various bonds and notes outstanding, which are recognized as revenue as of the periodic billing date. The principal operating revenues of the SBACF and PayGo are state appropriations and transfers of bond proceeds for the funding of project costs. The Corporation's operating expenses consist predominantly of administrative expenses, while SBACF and PayGo expenses consist predominantly of project cost grant expenses, which are recognized as expended when the cost is incurred by the LEA. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. These non-operating activities primarily consist of gains or losses relating to investments or disposals of capital assets and contributions made to the state.

***USE OF ESTIMATES***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the value of accounts receivable and estimating depreciation.

***CASH AND CASH EQUIVALENTS***

The Corporation has defined cash and cash equivalents to include cash held at various institutions and all highly liquid investments with maturities of three months or less when purchased.

***FUNDS ON DEPOSIT WITH CUSTODIAN***

The Corporation's funds on deposit with custodian include cash deposits in a designated account at financial institution(s) and institutional money market accounts, and are designated for specific purposes as defined by the applicable state statute.

**RHODE ISLAND HEALTH AND EDUCATIONAL  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***INVESTMENTS***

Investments are stated at fair value or at amortized cost, which approximates fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income includes interest, dividends, realized and unrealized gains or losses. The Corporation's investment activities are governed by its enabling legislation and by State law pertaining to the investment activities of state agencies.

***ACCOUNTS AND LOANS RECEIVABLE***

Accounts and loans receivable are stated at the amount management expects to collect from outstanding balances. Allowances for potential credit losses are determined by considering the financial condition of its customers and other economic factors affecting the customers and their industries. As of the dates of the Statements of Net Position, management is of the opinion that an allowance for doubtful accounts is not necessary. Interest earned on loans receivable is recognized over the life of the loans.

***PREPAID EXPENSES***

Prepaid expenses consist of payments related to insurance and deposits for the years ended June 30, 2020 and 2019.

***CAPITAL ASSETS***

Capital assets include furniture and fixtures, and office and computer equipment that have a useful life exceeding one year. In accordance with the Corporation's policy, a \$1,000 threshold is utilized for capitalizing assets. Capital assets are depreciated on a straight-line basis over their estimated useful lives of five years. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

***PROJECT COSTS PAYABLE***

Project costs payable represent the liability for amounts granted or loaned but not yet disbursed to recipients for their projects as of year-end.



**RHODE ISLAND HEALTH AND EDUCATIONAL  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***COMPENSATED ABSENCES***

Employees earn the right to be compensated during absences for vacation and sick leave. Accrued vacation is included in accrued expenses at June 30, 2020 and 2019. Upon retirement or termination, employees are compensated for all accumulated unused vacation leave and 50% of all accumulated unused sick leave. At June 30, 2020 and 2019, compensated absences totaled approximately \$12,600 and \$4,400, respectively.

Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020
\$ 4,400	\$ 18,200	\$ 10,000	\$ 12,600

***NET POSITION***

Net position is classified into the following categories:

Investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets. The Corporation has no debt related to its capital assets at June 30, 2020 and 2019.

Restricted: Those assets with restrictions on their use imposed by creditors, grantors, contributors, or laws and regulations of other governments or that are imposed by the government's own constitutional provisions or enabling legislation.

Unrestricted: Those assets, deferred outflows and inflows of resources, and liabilities that are not included in the determination of investment in capital assets or restricted net position.

In those instances where restricted and unrestricted resources are available, restricted amounts will be considered to have been spent first.

***TAX STATUS***

The Corporation is a component unit of the State of Rhode Island and is therefore exempt from income taxes under Section 115 of the Internal Revenue Code.

**RHODE ISLAND HEALTH AND EDUCATIONAL  
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**(A Component Unit of the State of Rhode Island)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***RECENTLY ISSUED GOVERNMENTAL ACCOUNTING STANDARDS***

GASB Statement No. 87, *Leases* is effective for the Corporation's fiscal year ending June 30, 2022. Management has not yet completed its review of the requirements of this standard and its applicability.

GASB Statement No. 91, *Conduit Debt Obligations* is effective for the Corporation's fiscal year ending June 30, 2023. Management has not yet completed its review of the requirements of this standard and its applicability.

***RECLASSIFICATIONS***

Certain 2019 financial statement amounts have been reclassified to conform to the 2020 presentation. There is no change in the reported change in net position.

***SUBSEQUENT EVENTS***

Management has evaluated the activity of the Corporation occurring subsequent to June 30, 2020 and has concluded that no events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**NOTE 2 - CONDUIT DEBT**

Since its inception, the Corporation has issued various series of bonds, notes and leases to finance capital expenditures for Rhode Island educational institutions, hospitals, and healthcare providers. The bonds, notes and leases are special obligations of the Corporation payable from revenues derived solely from the institution for which the project was financed. The bonds, notes, and leases do not constitute a debt or pledge of faith and credit of the Corporation or the State of Rhode Island, and accordingly have not been reflected as liabilities in the accompanying financial statements.

At June 30, 2020 and 2019, the bond issues and leases outstanding are as follows:

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

### NOTE 2 - CONDUIT DEBT (CONTINUED)

Institution	Year Issued	Maturity Date	Outstanding Principal at June 30, 2020	Outstanding Principal at June 30, 2019
International Institute of RI, Inc.	2003	08/01/2033	\$ 1,390,000	\$ 1,475,000
Brown University, Series B	2003	09/01/2043	39,635,000	40,165,000
Kingston Hill Academy, Series A	2004	10/01/2029	--	1,765,000
Catholic School Pool Program, Series A	2005	04/01/2035	--	3,270,000
Meeting Street Center	2005	06/01/2035	5,145,000	5,780,000
Brown University, Series A	2005	05/01/2035	85,500,000	85,500,000
Public Schools Revenue Bonds, Series A	2007	05/15/2027	245,000	280,000
NRI Community Services, Inc.	2007	06/01/2037	2,355,000	2,450,000
Public Schools Revenue Bonds, Series B	2007	05/15/2027	645,000	715,000
CVS-Highlander Charter School	2007	09/01/2037	3,075,000	3,195,000
Public Schools Revenue Bonds, Series C	2007	05/15/2021	455,000	2,020,000
Providence Public Building Authority, Series B	2007	05/15/2021	1,400,000	2,820,000
Public Schools Revenue Bonds, Series D	2007	11/15/2027	2,410,000	2,660,000
The Learning Community Charter School	2007	02/01/2038	2,990,000	3,098,000
Home & Hospice Care of RI	2008	02/01/2038	--	8,004,500
Rhode Island School of Design, Series A & B	2008	08/15/2036	73,610,000	75,470,000
Bryant University	2008	06/01/2035	44,290,000	46,155,000
Roger Williams University, Series A	2008	11/15/2024	8,230,000	9,710,000
New England Institute of Technology	2008	03/01/2034	7,880,000	8,755,000
Public Schools Revenue Bonds, Series B	2008	05/15/2029	280,000	350,000
Roger Williams University, Series B	2008	11/15/2038	30,190,000	31,210,000
Board of Governors, Series B	2008	09/15/2024	3,830,000	3,830,000
Public Schools Revenue Bonds, Series A	2009	05/15/2024	1,700,000	2,130,000
Public Schools Revenue Bonds, Series B	2009	05/15/2021	75,000	150,000
Board of Governors, Series B	2009	09/15/2029	12,830,000	13,495,000
Brown University, Series A	2009	09/01/2039	--	70,795,000
Providence Public Building Authority, Series A	2009	06/15/2025	7,520,000	9,000,000
Board of Governors, Series A	2010	09/15/2040	19,380,000	19,960,000
Public Schools Revenue Bonds, Series A	2010	05/15/2027	12,575,000	12,575,000
Public Schools Revenue Bonds, Series B	2010	05/05/2020	--	470,000
Thundermist Health Center, Series A	2010	08/01/2020	2,101,958	2,308,708
Public Schools Revenue Bonds, Series C	2010	05/15/2026	2,025,000	2,275,000
Public Schools Revenue Bonds, Series D	2010	05/15/2025	1,697,000	1,994,000
Public Schools Revenue Bonds, Series E	2010	05/15/2025	3,342,000	3,925,000
Public Schools Revenue Bonds, Series F & G	2010	05/15/2029	24,100,000	24,100,000
Providence Public Building Authority, Series A & B	2010	05/15/2029	21,945,000	21,945,000

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

### NOTE 2 - CONDUIT DEBT (CONTINUED)

Institution	Issued	Maturity Date	Outstanding Principal at June 30, 2020	Outstanding Principal at June 30, 2019
J. Arthur Trudeau Memorial Center	2010	12/01/2040	1,800,000	1,860,000
The Providence Community Health Centers, Inc., Series A	2010	06/01/2037	8,982,668	9,376,078
Public Schools Revenue Bonds, Series A	2011	05/15/2031	3,535,000	3,920,000
Roger Williams University	2011	11/15/2024	11,285,000	13,265,000
The Compass School, Series A & C	2011	06/28/2027	1,015,001	1,160,001
Public Schools Revenue Bonds, Series C	2011	05/15/2031	8,470,000	9,240,000
Blackstone Valley Community Health Care, Inc., Series A	2011	01/01/2022	5,412,870	5,562,222
Brown University, Series A	2011	09/01/2032	36,455,000	41,390,000
Steere House	2011	09/01/2036	4,115,000	4,300,000
Portsmouth Abbey School	2011	10/01/2031	--	4,145,000
Roger Williams University, Series B	2011	12/15/2029	7,520,000	8,100,000
Bryant University	2011	12/01/2031	--	17,215,000
Salve Regina University	2011	06/15/2031	14,795,000	16,000,000
Providence College	2012	11/01/2041	32,425,000	33,345,000
Public Schools Revenue Bonds, Series A	2012	05/15/2037	27,935,000	29,080,000
Immaculate Conception Catholic Regional School	2012	03/16/2032	3,818,750	4,143,750
Rhode Island School of Design	2012	06/01/2031	22,760,000	23,510,000
Rocky Hill School	2012	04/26/2022	2,452,428	2,544,990
Seven Hills Rhode Island, Inc., Series A	2012	05/31/2042	902,135	977,135
Rhode Island Blood Center	2012	09/29/2028	7,366,281	7,557,401
Brown University	2012	09/01/2022	118,240,000	118,240,000
Rhode Island School of Design, Series B	2012	08/15/2035	40,255,000	42,150,000
Care New England	2012	09/28/2019	--	749,019
Public Schools Revenue Bonds, Series B	2012	05/15/2032	10,475,000	11,170,000
The Kent Center, Inc.	2012	10/12/2022	3,907,637	4,028,503
Providence College, Series B & C	2012	11/01/2024	21,160,000	24,845,000
Scandinavian Home	2013	04/01/2040	3,509,267	3,626,031
Public Schools Revenue Bonds, Series A	2013	05/15/2033	4,955,000	5,340,000
Public Schools Revenue Bonds, Series B	2013	05/15/2033	6,935,000	7,780,000
Lifespan Obligated Group	2013	06/14/2020	--	7,501,934
Board of Education, Series A - D	2013	09/15/2024	22,250,000	26,815,000
Public Schools Revenue Bonds, Series C & D	2013	05/15/2033	21,445,000	23,095,000
Seven Hills Rhode Island, Inc.	2013	06/21/2043	1,268,831	1,323,998
Saint Elizabeth Manor, East Bay	2013	07/31/2043	6,910,628	7,077,577
Public Schools Revenue Bonds, Series E	2013	05/15/2028	410,000	465,000
The Wheeler School, Series B	2013	09/18/2028	123,853	403,330

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

### NOTE 2 - CONDUIT DEBT (CONTINUED)

Institution	Year Issued	Maturity Date	Outstanding Principal at June 30, 2020	Outstanding Principal at June 30, 2019
Roger Williams University, Series A	2013	11/15/2028	--	14,910,238
Providence Public Building Authority, Series A	2013	05/15/2024	17,010,000	22,870,000
Brown University	2013	09/01/2043	124,085,000	127,070,000
Public Schools Revenue Bonds, Series H	2013	05/15/2034	8,860,000	9,325,000
Public Schools Revenue Bonds, Series I	2013	11/15/2021	490,000	740,000
Public Schools Revenue Bonds, Series J	2013	05/15/2020	500,000	925,000
Public Schools Revenue Bonds, Series I	2013	11/15/2023	4,370,000	5,345,000
Bryant University	2014	06/01/2044	42,075,000	43,005,000
Portsmouth Abbey School	2014	07/01/2024	--	1,680,000
Public Schools Revenue Bonds, Series A	2014	05/15/2034	4,745,000	5,665,000
Public Schools Revenue Bonds, Series B	2014	05/15/2034	2,545,000	2,685,000
St. George's School, Series A - C	2014	09/01/2044	37,557,079	38,451,797
Times <sup>2</sup> Academy, Inc.	2014	10/01/2026	5,118,599	6,036,303
Roger Williams University	2014	10/15/2035	12,544,722	13,154,238
The Pennfield School, Series A & B	2014	11/01/2039	3,602,140	3,734,705
Newport Hospital	2014	07/01/2029	14,391,000	15,619,000
Public Schools Revenue Bonds, Series C	2014	05/15/2034	6,180,000	6,520,000
Public Schools Revenue Bonds, Series A	2015	11/15/2020	1,130,000	2,245,000
Child and Family Services of Newport County	2015	04/30/2043	6,719,448	7,363,698
Salve Regina University, Series A - C	2015	05/01/2045	23,926,563	24,696,965
Providence Public Building Authority, Series A	2015	05/15/2028	108,455,000	120,210,000
Mercymount Country Day School	2015	05/01/2035	2,834,496	2,984,870
Providence College	2015	11/01/2045	38,400,000	40,350,000
South County Hospital Healthcare System	2015	09/15/2033	34,945,000	37,230,000
New England Institute of Technology	2015	09/01/2045	54,228,017	55,769,367
Public Schools Revenue Bonds, Series B	2015	05/15/2036	3,880,000	4,055,000
Saint Philomena School	2015	04/01/2035	1,513,617	1,596,049
Johnson & Wales University	2015	10/01/2030	21,881,806	23,618,847
Tamarisk, Inc.	2015	10/01/2040	8,126,404	8,406,126
Brown University	2015	09/01/2045	40,315,000	41,560,000
Bishop Hendricken High School, Series A & B	2015	04/01/2035	4,266,475	4,490,410
The Prout School	2015	04/01/2036	--	4,366,750
Providence Public Building Authority, Series B	2015	05/15/2035	8,430,000	8,870,000
Saint Elizabeth Home, East Greenwich	2015	12/01/2045	12,515,019	12,791,119
Public Schools Revenue Bonds, Series C - E	2015	05/15/2036	16,580,000	18,600,000
Moses Brown School, Series A & B	2016	06/01/2046	19,212,530	19,739,756

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

### NOTE 2 - CONDUIT DEBT (CONTINUED)

Institution	Year Issued	Maturity Date	Outstanding Principal at June 30, 2020	Outstanding Principal at June 30, 2019
Public Schools Revenue Bonds, Series A	2016	05/15/2029	69,650,000	76,920,000
Lifespan Obligated Group	2016	05/15/2039	212,085,000	225,610,000
Public Schools Revenue Bonds, Series B & C	2016	05/15/2036	5,965,000	6,430,000
Care New England, Series B	2016	09/01/2036	131,110,000	134,775,000
The Frassati Residence	2016	11/01/2029	4,905,627	5,329,504
Council on Postsecondary Education, Series A - C	2016	09/15/2036	81,270,000	84,610,000
Roger Williams University, Series A & B	2016	11/15/2031	6,023,920	6,460,940
New England Institute of Technology	2017	03/01/2040	32,876,403	34,098,639
Public Schools Revenue Bonds, Series A	2017	05/15/2034	55,105,000	57,840,000
Providence College	2017	11/01/2047	46,415,000	46,415,000
Public Schools Revenue Bonds, Series B	2017	05/15/2027	13,185,000	14,375,000
Public Schools Revenue Bonds, Series C	2017	05/15/2027	62,110,000	62,640,000
Public Schools Revenue Bonds, Series D	2017	05/15/2037	8,630,000	9,010,000
Public Schools Revenue Bonds, Series E	2017	05/15/2037	20,875,000	22,050,000
Public Schools Revenue Bonds, Series F	2017	05/15/2038	18,385,000	19,360,000
Brown University, Series A	2017	09/01/2047	141,125,000	141,125,000
Public Schools Revenue Bonds, Series G	2017	05/15/2042	32,155,000	36,655,000
Public Schools Revenue Bonds, Series H	2017	05/15/2038	4,675,000	4,840,000
Council on Postsecondary Education, Series A - D	2017	09/15/2047	123,165,000	123,190,000
Public Schools Revenue Bonds, Series I & J	2017	05/15/2032	14,280,000	15,030,000
Portsmouth Abbey School, Series A	2017	11/01/2037	--	7,600,000
Meeting Street, Series A	2017	12/01/2047	15,000,000	15,000,000
Public Schools Revenue Bonds, Series A	2018	05/15/2038	4,415,000	4,580,000
Public Schools Revenue Bonds, Series B	2018	05/15/2038	18,030,000	18,690,000
Rhode Island School of Design	2018	08/15/2048	54,950,000	54,950,000
Ocean State Assisted Living	2018	11/01/2031	8,181,000	8,621,000
Roger Williams University	2018	11/15/2039	8,666,170	5,480,188
St. Andrew's School, Series A & B	2018	07/01/2048	16,205,033	16,085,678
Council on Postsecondary Education, Series A & B	2018	09/15/2038	19,185,000	19,800,000
South County Hospital Healthcare System	2018	12/01/2028	1,542,651	1,542,651
Meeting Street	2018	12/01/2047	5,000,000	5,000,000
Achievement First Rhode Island, Inc., Series A & B	2019	02/01/2045	9,298,090	9,450,769
Public Schools Revenue Bonds, Series A	2019	05/15/2042	41,030,000	41,380,000
Blackstone Valley Prep	2019	05/01/2049	15,716,501	15,987,354
Saint Raphael Academy	2019	05/01/2049	3,065,287	3,116,978
Mount Saint Charles Academy	2019	05/01/2040	3,690,494	772,635

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

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## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

### NOTE 2 - CONDUIT DEBT (CONTINUED)

Institution	Year Issued	Maturity Date	Outstanding Principal at June 30, 2020	Outstanding Principal at June 30, 2019
Trinity Academy for the Performing Arts	2019	06/01/2050	6,500,000	4,250,000
Public Schools Revenue Bonds, Series B	2019	05/15/2039	17,975,000	17,975,000
Providence Public Building Authority, Series A	2019	05/15/2039	19,275,000	20,000,000
Brown University, Series A	2019	09/01/2029	54,560,000	--
Kingston Hill Academy	2019	08/01/2051	4,631,336	--
Public Schools Revenue Bonds, Series C	2019	05/15/2041	5,070,000	--
Public Schools Revenue Bonds, Series D	2019	05/15/2035	5,445,000	--
The Compass School	2019	10/01/2049	3,850,000	--
HopeHealth Hospice & Palliative Care	2019	11/01/2049	10,868,253	--
Roger Williams University	2019	11/15/2028	13,665,020	--
Bryant University	2019	12/06/2031	16,658,851	--
Public Schools Revenue Bonds, Series A	2020	05/15/2040	3,875,000	--
Portsmouth Abbey School, Series A - D	2020	06/01/2050	15,541,000	--
Public Schools Revenue Bonds, Series B	2020	05/15/2040	57,450,000	--
			<u>\$ 3,120,499,858</u>	<u>\$ 3,198,828,751</u>

### NOTE 3 - CASH AND CASH EQUIVALENTS

#### *CASH AND CASH EQUIVALENTS*

In accordance with Chapter 35-10.1 of the Rhode Island General Laws dealing with Public Finance, depository institutions holding public deposits shall insure or pledge eligible collateral equal to one hundred percent (100%) of any time-deposit with maturities greater than sixty (60) days. If any depository institution does not meet its minimum capital standards as prescribed by its federal regulator, they shall insure or pledge eligible collateral equal to one-hundred percent (100%) of all public deposits. None of the cash deposits of the Corporation were required to be collateralized at June 30, 2020 pursuant to this statutory provision.

At June 30, 2020 and 2019, the carrying amounts of the Corporation's cash and cash equivalents were approximately \$7,886,000 and \$7,525,000, respectively, and the bank balances were approximately \$7,894,000 and \$7,545,000, respectively. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: a) uncollateralized, b) collateralized with securities held by the pledging financial institution, or c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor government's name. The Corporation does not have a policy for custodial credit risk associated with deposits.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)**

***CASH AND CASH EQUIVALENTS (CONTINUED)***

Of the Corporation's cash and cash equivalents totaling approximately \$7,886,000 and \$7,525,000 at June 30, 2020 and 2019, respectively, \$7,630,338 and \$7,119,280, respectively, was invested in the Ocean State Investment Pool Trust ("OSIP"). OSIP is an investment pool established by the State of Rhode Island General Treasurer for the purpose of investing funds of, and funds under the custody of agencies, authorities, commissions, boards, municipalities, political subdivisions, and other public units of the State. OSIP has met the criteria outlined in GASB Statement No. 79 - *Certain External Investment Pools and Pool Participants* to permit election to report its investments at amortized cost which approximates fair value.

Of the bank balances at June 30, 2020 and 2019, \$250,000 was covered by federal depository insurance. The remaining amount of approximately \$7,644,000 and \$7,295,000 was uninsured and uncollateralized at June 30, 2020 and 2019, respectively. The insured balances reflect FDIC insurance in effect during June 30, 2020 and 2019.

***FUNDS ON DEPOSIT WITH CUSTODIAN***

Funds on deposit with custodian at June 30, 2020 are as follows:

Cash deposits	FDIC Insured	Uninsured and	
		Uncollateralized	Total
Bank Deposits - US Bank	\$ 250,000	\$ 6,265,769	\$ 6,515,769
Money market mutual funds	Investment		Fair Value
	Maturity in Days	Credit Ratings	
First American US Treasury Money Market Class V (#3702)	48	Aaa-mf	\$ 4,379,721
First American Government Obligation Fund Class V (#3698)	43	Aaa-mf	3,711,745
			\$ 8,091,466
Total			\$ 14,607,235



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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)**

***FUNDS ON DEPOSIT WITH CUSTODIAN (CONTINUED)***

Funds on deposit with custodian at June 30, 2019 are as follows:

Cash deposits	FDIC Insured	Uninsured and Uncollateralized	Total
Bank Deposits - US Bank	\$ 250,000	\$ 20,312,532	\$ 20,562,532
Money market mutual funds	Investment Maturity in Days	Credit Ratings	Fair Value
First American Government Obligation Fund Class V (#3698)	22	Aaa-mf	\$ 401,087
Total			<u>\$ 20,963,619</u>

**NOTE 4 - INVESTMENTS**

***FAIR VALUE HIERARCHY***

The fair value hierarchy categorizes inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted market prices for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for an asset or liability, directly or indirectly. Level 3 inputs are unobservable inputs. The highest priority is assigned to Level 1 inputs and the lowest to Level 3 inputs. Valuation techniques used should maximize the use of the observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

*U.S. Government and U.S. Government Agencies:* Comprised of bonds issued by the U.S. Treasury and the Federal Home Loan Bank. The fair values of U.S. Government securities are based on quoted market prices in active markets.

*Certificates of Deposit:* Valued based upon interest accumulated at year-end.

*General Obligation Bonds:* Valued at the principal balance outstanding.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 4 - INVESTMENTS (CONTINUED)**

***INTEREST RATE RISK***

It is the Corporation's policy to limit the length of its investment maturities in order to manage the exposure to fair value losses arising from increasing interest rates.

***CREDIT RISK***

The Corporation has managed its exposure to credit risk by investing in obligations that are issued by the U.S. Government or implicitly guaranteed by the U.S. Government, in accordance with State regulations.

The City of Central Falls ("City") General Obligation Bond is a private bond issuance that matured on May 5, 2020. The Obligation Bonds had no rating assigned to it at June 30, 2019. The City filed a Chapter 9 bankruptcy petition during fiscal year 2012. The State of Rhode Island passed legislation to give priority to bond payments and has the ability to intercept aid to mitigate potential bondholder losses. Due to these factors, management has determined that an allowance for uncollectable general obligation bonds is not necessary at this time.

***CONCENTRATION OF CREDIT RISK***

As a result of the State's policy to manage credit risk, the Corporation's investments are concentrated in U.S. Government guaranteed issues, municipal obligations and certificates of deposit.

At June 30, 2020, the Corporation did not hold any investments.

At June 30, 2019, the Corporation held the following investments:

	Fair Value	Fair Value Hierarchy	Interest Rate	Maturity	Rating
City of Central Falls General Obligation Bonds	\$ 80,000	Level 2	5.39%	5/5/2020	N/A
Total investments	<u>\$ 80,000</u>				
Investments, current portion:					
City of Central Falls General Obligation Bonds	\$ 80,000				
Total current portion	<u>80,000</u>				
Total investments, June 30, 2019	<u>\$ 80,000</u>				

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 5 - LOANS RECEIVABLE**

Corporation's loans receivable as of the years ended June 30, are as follows:

	2020	2019
In November 2005, the Corporation entered into a loan agreement with Aldersbridge Communities (f/k/a United Methodist Healthcare Center) for \$700,000. The agreement stipulates monthly payments of \$4,879 inclusive of interest at 4.40% until maturity in November 2015. In June 2015, the loan was refinanced for \$795,000 and the new agreement stipulates monthly payments of \$4,802 inclusive of interest at 2.50% until maturity in June 2025.	\$ 595,595	\$ 637,498
In May 2020, the Corporation entered into a loan agreement with The Pennfield School for a maximum draw of \$151,000, payable on demand. The agreement stipulates interest only payments for the initial 6 months, paid in arrears commencing in November 2020 until May 2021. Effective May 2021 the agreement stipulates monthly payments of \$6,357 inclusive of interest at 1% per annum, until maturity in April 2023.	74,521	--
Total Loans Receivable	670,116	637,498
Less Current Portion	55,487	41,893
Non-Current Loans Receivable	<u>\$ 614,629</u>	<u>\$ 595,605</u>

**NOTE 6 - SCHOOL BUILDING AUTHORITY CAPITAL FUND LOANS RECEIVABLE**

As discussed in Note 1, the Corporation is administrator of the School Building Authority Capital Fund which provides loans as a portion of the project costs, which are used for the repairs of public school facilities. The awarded LEA will sign a loan agreement with the Corporation for the total cost of the project. Upon completion of the project the awardee will be responsible for repayment of their loan (local share) plus interest. The local share is determined by RIDE's education funding formula. The remaining project costs (state share) are provided to the LEA as a grant.

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**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 6 - SCHOOL BUILDING AUTHORITY CAPITAL FUND LOANS RECEIVABLE (CONTINUED)**

SBACF loans receivable as of the years ended June 30, are as follows:

	2020	2019
In June 2016, the Corporation entered into a loan agreement with the Town of North Providence for \$218,000. The agreement stipulates annual payments ranging from \$43,404 to \$45,884 inclusive of interest at 0.94% until maturity in June 2021.	\$ 43,000	\$ 86,000
In June 2016, the Corporation entered into a loan agreement with the City of Providence for \$1,830,536. The agreement stipulates annual payments ranging from \$186,568 to \$215,466 inclusive of interest at 1.92% until maturity in June 2026.	1,281,376	1,464,429
In June 2016, the Corporation entered into a loan agreement with the City of Pawtucket for \$352,000. The agreement stipulates annual payments ranging from \$35,876 to \$41,433 inclusive of interest at 1.92% until maturity in June 2026.		
This loan was paid off in June 2020.	--	241,207
In December 2017, the Corporation entered into a loan agreement with the City of Providence for \$341,698. The agreement stipulates annual payments ranging from \$34,973 to \$41,397 inclusive of interest at 2.35% until maturity in June 2027.	273,358	307,528
Total SBACF Loans Receivable	1,597,734	2,099,164
Less Current Portion	477,447	511,905
Non-Current SBACF Loans Receivable	<u>\$ 1,120,287</u>	<u>\$ 1,587,259</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 is as follows:

	Estimated Lives (in Years)	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets					
Office equipment	5	\$ 18,246	\$ --	\$ (3,392)	\$ 14,854
Computer equipment	5	40,484	5,644	(9,381)	36,747
Furniture and fixtures	5	<u>120,695</u>	<u>4,323</u>	<u>(19,400)</u>	<u>105,618</u>
Total Capital Assets		<u>179,425</u>	<u>9,967</u>	<u>(32,173)</u>	<u>157,219</u>
Less Accumulated Depreciation					
Office equipment		13,789	2,971	(3,391)	13,369
Computer equipment		19,032	6,521	(8,673)	16,880
Furniture and fixtures		<u>120,694</u>	<u>432</u>	<u>(19,399)</u>	<u>101,727</u>
Total Accumulated Depreciation		<u>153,515</u>	<u>9,924</u>	<u>(31,463)</u>	<u>131,976</u>
Capital Assets, Net		<u>\$ 25,910</u>	<u>\$ 43</u>	<u>\$ (710)</u>	<u>\$ 25,243</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 7 - CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended June 30, 2019 is as follows:

	Estimated Lives (in Years)	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets					
Office equipment	5	\$ 18,246	\$ --	\$ --	\$ 18,246
Computer equipment	5	33,390	14,994	(7,900)	40,484
Furniture and fixtures	5	<u>120,695</u>	<u>--</u>	<u>--</u>	<u>120,695</u>
Total Capital Assets		<u>172,331</u>	<u>14,994</u>	<u>(7,900)</u>	<u>179,425</u>
Less Accumulated Depreciation					
Office equipment		10,479	3,310	--	13,789
Computer equipment		18,685	5,877	(5,530)	19,032
Furniture and fixtures		<u>120,694</u>	<u>--</u>	<u>--</u>	<u>120,694</u>
Total Accumulated Depreciation		<u>149,858</u>	<u>9,187</u>	<u>(5,530)</u>	<u>153,515</u>
Capital Assets, Net		<u>\$ 22,473</u>	<u>\$ 5,807</u>	<u>\$ (2,370)</u>	<u>\$ 25,910</u>

**NOTE 8 - GRANT PROGRAM**

In June 2018, the Corporation authorized the funding of grants to certain not-for-profit entities in the amount of \$250,000. Amounts payable at June 30, 2020 and 2019 were \$0 and \$115,000, respectively. The Corporation did not authorize any new grants during fiscal year 2020.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 9 - RISKS AND UNCERTAINTIES**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and the World. The Corporation is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread. As of the date the financial statements were available to be issued, there was considerable uncertainty around the expected duration of this pandemic and the extent to which COVID-19 may impact the Corporation's financial condition or its operations.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

***SUBSIDY PROGRAM***

Under an Interest Rate Subsidy (the "Subsidy") Program, discontinued in 2002, the Corporation pledged to subsidize 1% of the interest charges of certain institutions' long-term debt. To fund this commitment, the Corporation reserved the estimated net present value of the Subsidy. As of June 30, 2020 and 2019, remaining commitments on existing Subsidies expiring through 2024 aggregate approximately \$35,100 and \$50,100, respectively.

***LEASE COMMITMENT***

In May 2016, the Corporation entered into a five-year operating lease agreement for office space, expiring May 31, 2021. Rental expense for the fiscal years ended June 30, 2020 and 2019 was \$98,810 and \$96,166, respectively. Future minimum lease payments for the year ending June 30, 2021 total \$93,056.

***SCHOOL BUILDING AUTHORITY CAPITAL FUND COMMITMENTS***

At June 30, 2020 and 2019, the SBACF had approximately \$7,222,000 and \$3,727,000, respectively, of uncommitted funds available for future project awards under its program. Project awards include grants and loans (see Note 1, *School Building Authority Capital Fund*, for additional information).

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

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## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

### NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### *SCHOOL BUILDING AUTHORITY CAPITAL FUND COMMITMENTS (CONTINUED)*

Grants and loans awarded in fiscal 2020 and remaining unspent (cumulative) balances available for draw as of June 30, 2020, are as follows:

	Awarded in Fiscal 2020			Cumulative Balances Available		
	Total	Grants	Technical Assistance	Total	Grants	Technical Assistance
Achievement First	\$ --	\$ --	\$ --	\$ 50,000	\$ --	\$ 50,000
Barrington	--	--	--	150,000	--	150,000
Bristol-Warren	--	--	--	464,999	314,999	150,000
Central Falls	--	--	--	2,764,292	2,764,292	--
Chariho	100,000	--	100,000	20,337	--	20,337
Coventry	--	--	--	50	--	50
East Greenwich	--	--	--	99,843	--	99,843
East Providence	100,000	--	100,000	100,000	--	100,000
Foster	--	--	--	5,045	--	5,045
Foster-Glocester	--	--	--	82,269	80,850	1,419
Kingston Hill Academy	--	--	--	50,000	--	50,000
Lincoln	--	--	--	31,065	31,065	--
Little Compton	--	--	--	59,757	9,757	50,000
Middletown	--	--	--	105,333	5,333	100,000
Narragansett	50,000	--	50,000	50,000	--	50,000
North Kingstown	--	--	--	150,000	--	150,000
North Providence	--	--	--	100,000	--	100,000
Paul Cuffee	50,000	--	50,000	50,000	--	50,000
Pawtucket	--	--	--	555,397	555,397	--
Providence	--	--	--	68,448	68,448	--
RI Nurses Institute	--	--	--	50,000	--	50,000
RISE Prep	50,000	--	50,000	119,923	69,923	50,000
Scituate	--	--	--	100,000	--	100,000
Tiverton	--	--	--	87,620	--	87,620
Warwick	150,000	--	150,000	150,000	--	150,000
West Warwick	150,000	--	150,000	593,659	443,659	150,000
Westerly	--	--	--	34,655	34,655	--
Woonsocket	--	--	--	621,396	471,396	150,000
	<u>\$ 650,000</u>	<u>\$ --</u>	<u>\$ 650,000</u>	<u>\$ 6,714,088</u>	<u>\$ 4,849,774</u>	<u>\$ 1,864,314</u>



# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

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## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

### NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### *SCHOOL BUILDING AUTHORITY CAPITAL FUND COMMITMENTS (CONTINUED)*

Grants and loans awarded in fiscal 2019 and remaining unspent (cumulative) balances available for draw as of June 30, 2019, are as follows:

	Awarded in Fiscal 2019			Cumulative Balances Available		
	Total	Grants	Technical Assistance	Total	Grants	Technical Assistance
Achievement First	\$ 50,000	\$ --	\$ 50,000	\$ 50,000	\$ --	\$ 50,000
Barrington	150,000	--	150,000	150,000	--	150,000
Beacon Charter	50,000	--	50,000	--	--	--
Bristol-Warren	464,999	314,999	150,000	464,999	314,999	150,000
Burrillville	153,290	53,290	100,000	138,271	38,271	100,000
Central Falls	1,455,000	1,455,000	--	3,043,784	3,043,784	--
Charlton	370,270	370,270	--	370,270	370,270	--
Coventry	150,000	--	150,000	150,000	--	150,000
Cranston	308,860	158,860	150,000	308,860	158,860	150,000
Cumberland	100,000	--	100,000	35,000	--	35,000
East Greenwich	150,000	--	150,000	150,000	--	150,000
Exeter-West Greenwich	100,000	--	100,000	100,000	--	100,000
East Providence	--	--	--	146,330	146,330	--
Foster	50,000	--	50,000	50,000	--	50,000
Foster-Glocester	130,850	80,850	50,000	102,607	80,850	21,757
Jamestown	9,065	9,065	--	9,065	9,065	--
Johnston	157,434	7,434	150,000	157,434	7,434	150,000
Kingston Hill Academy	50,000	--	50,000	50,000	--	50,000
Lincoln	152,500	52,500	100,000	152,500	52,500	100,000
Little Compton	225,000	175,000	50,000	225,000	175,000	50,000
Middletown	125,430	25,430	100,000	108,532	8,532	100,000
Newport	100,000	--	100,000	100,000	--	100,000
North Kingstown	211,093	61,093	150,000	211,093	61,093	150,000
North Providence	100,000	--	100,000	100,000	--	100,000
Pawtucket	3,377,357	3,277,357	100,000	3,378,306	3,378,306	--
Portsmouth	100,000	--	100,000	100,000	--	100,000
Providence	3,587,929	3,537,929	50,000	3,587,929	3,537,929	50,000
RI Nurses Institute	50,000	--	50,000	50,000	--	50,000
RISE Prep	69,923	69,923	--	69,923	69,923	--
Scituate	100,000	--	100,000	100,000	--	100,000
Skip Nowell Academy	50,000	--	50,000	50,000	--	50,000
South Kingstown	324,999	174,999	150,000	324,999	174,999	150,000
Tiverton	100,000	--	100,000	100,000	--	100,000
Trinity Academy	50,000	--	50,000	--	--	--
West Warwick	1,043,200	1,043,200	--	1,043,200	1,043,200	--
Westerly	224,666	174,666	50,000	224,666	174,666	50,000
Woonsocket	150,000	--	150,000	1,427,450	1,277,450	150,000
	<u>\$ 14,041,865</u>	<u>\$ 11,041,865</u>	<u>\$ 3,000,000</u>	<u>\$ 16,830,218</u>	<u>\$ 14,123,461</u>	<u>\$ 2,706,757</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

***SCHOOL CONSTRUCTION BOND PROGRAM***

Project awards consist of capital grants awarded by the SBA utilizing proceeds from general obligation bonds issued by the State. PayGo does not show a net position at June 30, 2020 and 2019 due to the reimbursement nature of the program. The State provided funding to PayGo only as needed to meet current disbursement requirements.

During fiscal 2019 the SBA awarded \$95,388,561 of PayGo funds to 34 of the State's LEAs. For fiscal year 2019 (the first year of the PayGo program), PayGo reported transfers from state and related project cost expenses of \$7,163,472. This amount reflected LEA project costs incurred during fiscal 2019, as approved and reported by the SBA.

During fiscal 2020 the SBA awarded an additional \$77,978,910 of PayGo funds to 6 of the State's LEAs. For fiscal year 2020, PayGo reported transfers from state of \$26,852,644 and related project cost expenses of \$22,251,942. This amount reflected LEA project costs incurred during fiscal 2020, as approved and reported by the SBA. For fiscal 2020, PayGo also reported a transfer of \$4,769,542 to SBACF, representing unspent funds, pursuant to RIGL 45-38.2-4(e)(3), which states that any excess funds may be transferred to the SBACF in an amount not to exceed 5% of any amount of bonds issued in a given year.

**NOTE 11 - NET POSITION DESIGNATIONS**

The Board of Directors of the Corporation (the "Board") has designated certain unrestricted net position of the Corporation for the years ended June 30, 2020 and 2019 as follows:

***SELF-INSURANCE***

This designation was established to provide for the deductible exclusion for existing Corporation insurance policies. The Board designated \$1,000,000 of net position for self-insurance at June 30, 2020 and 2019.

***OPERATING RESERVES***

This designation was established to provide for expenditures incurred as a result of operating contingencies. The Board designated \$2,000,000 of net position for operating reserves at June 30, 2020 and 2019.

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**  
(A Component Unit of the State of Rhode Island)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 11 - NET POSITION DESIGNATIONS (CONTINUED)**

***FINANCIAL ASSISTANCE PROGRAM***

This designation was established to provide eligible institutions with a grant or a direct loan for the funding of qualified projects. The Board designated \$1,500,000 and \$1,000,000 of net position for financial assistance at June 30, 2020 and 2019, respectively.

***SCHOOL BUILDING AUTHORITY***

In accordance with Article 9 of the fiscal 2019 Appropriations Act, the Corporation is required to pay certain limited personnel expenses of the School Building Authority. This designation was established for the purpose of funding differences between the fees generated from the issuance of school construction bonds and SBA personnel expenses. During fiscal 2019 the Board originally designated \$3,000,000 for this purpose. At June 30, 2020 and 2019 this designation was approximately \$2,321,000 and \$2,944,000 respectively.

**NOTE 12 - STATE APPROPRIATION**

During the year ended June 30, 2020, the SBACF received \$132,679 in state appropriations for the purpose of providing school facilities project cost funding to the LEAs.

**NOTE 13 – TRANSFER FROM STATE**

During the year ended June 30, 2020, PayGo received \$26,852,644 from the State of Rhode Island for the purpose of providing school facilities project cost funding to the LEAs.

**NOTE 14 - OTHER INCOME**

Other income for the year ended June 30, 2020 consists of excess funds for bond issue administrative expenses due to the refunding of conduit debt bonds. In addition, other income consists of investment earnings from the housing aid account. Pursuant to Rhode Island General Law 45-38.2-2, investment earnings and any other funds permitted by law which the corporation in its discretion shall determine appropriate shall be deposited into the School Building Authority Capital Fund.

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**  
**(A Component Unit of the State of Rhode Island)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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**NOTE 15 - CONTRIBUTION TO STATE**

In accordance with Rhode Island General Law Section 16-105-7, the Corporation was required to contribute \$770,945 and \$737,734 to the State of Rhode Island during the years ended June 30, 2020 and 2019 for limited personnel costs of the School Building Authority.

**NOTE 16 - PENSION PLAN**

The Corporation sponsors and contributes to the Rhode Island Health and Educational Building Corporation 403(b) Retirement Plan (the "Plan"), a defined contribution pension plan operated in accordance with Section 403(b) of the Internal Revenue Code and administered by the Vanguard Fiduciary Trust Company. The Board established the Plan and maintains the ability to amend the Plan's provisions, including employer contribution rates. All full-time employees of the Corporation enter the Plan after six months of service. The Corporation contributes 10% of participants' salaries and employee contributions are optional per the Plan documents. The Corporation's contributions to the Plan totaled \$44,210 and \$53,184 for the fiscal years ended June 30, 2020 and 2019, respectively.

## **SUPPLEMENTARY INFORMATION**

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**  
(A Component Unit of the State of Rhode Island)

**COMBINING STATEMENT OF NET POSITION**

**JUNE 30, 2020**

	RIHEBC	SBACF	PayGo	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 7,886,055	\$ --	\$ --	\$ 7,886,055
Funds on deposit with custodian	3,773,110	8,726,913	2,107,212	14,607,235
Current portion of loans receivable	55,487	--	--	55,487
Current portion of School Building Authority Capital Fund loan receivable	--	477,447	--	477,447
Accounts receivable	93,619	--	--	93,619
Due from primary state government	--	132,679	4,080,096	4,212,775
Internal balances	(184,754)	4,954,296	(4,769,542)	--
Prepaid expenses	67,846	--	--	67,846
Accrued interest receivable	--	17,774	--	17,774
<b>Total Current Assets</b>	<u>11,691,363</u>	<u>14,309,109</u>	<u>1,417,766</u>	<u>27,418,238</u>
<b>Non-Current Assets</b>				
Loans receivable, net of current portion	614,629	--	--	614,629
School Building Authority Capital Fund loans receivable, net of current portion	--	1,120,287	--	1,120,287
Capital assets, net	<u>25,243</u>	<u>--</u>	<u>--</u>	<u>25,243</u>
<b>Total Non-Current Assets</b>	<u>639,872</u>	<u>1,120,287</u>	<u>--</u>	<u>1,760,159</u>
<b>Total Assets</b>	<u>\$ 12,331,235</u>	<u>\$ 15,429,396</u>	<u>\$ 1,417,766</u>	<u>\$ 29,178,397</u>
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accrued expenses	\$ 73,310	\$ --	\$ --	\$ 73,310
Project costs and other commitments payable	3,526,990	1,492,847	1,417,766	6,437,603
Due to primary state government	<u>223,222</u>	<u>--</u>	<u>--</u>	<u>223,222</u>
<b>Total Liabilities</b>	<u>3,823,522</u>	<u>1,492,847</u>	<u>1,417,766</u>	<u>6,734,135</u>
<b>Net Position</b>				
Net investment in capital assets	25,243	--	--	25,243
Restricted - School Building Authority Capital Fund:				
Held for authorized projects	--	6,714,088	--	6,714,088
Available for future projects	--	7,222,461	--	7,222,461
Unrestricted	<u>8,482,470</u>	<u>--</u>	<u>--</u>	<u>8,482,470</u>
<b>Total Net Position</b>	<u>8,507,713</u>	<u>13,936,549</u>	<u>--</u>	<u>22,444,262</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 12,331,235</u>	<u>\$ 15,429,396</u>	<u>\$ 1,417,766</u>	<u>\$ 29,178,397</u>

*See independent auditors' report on supplementary information.*

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**FOR THE YEAR ENDED JUNE 30, 2020**

	RIHEBC	SBACF	PayGo	Total
<b>Operating Revenues</b>				
Administration fees	\$ 2,376,665	\$ --	\$ --	\$ 2,376,665
State appropriations	--	132,679	--	132,679
Transfer from State	--	--	26,852,644	26,852,644
Interest earned on loans receivable	15,718	35,819	--	51,537
<b>Total Operating Revenues</b>	<u>2,392,383</u>	<u>168,498</u>	<u>26,852,644</u>	<u>29,413,525</u>
<b>Operating Expenses</b>				
Administrative	1,371,295	--	--	1,371,295
Project cost grants	--	11,767,252	22,251,942	34,019,194
Depreciation	9,924	--	--	9,924
<b>Total Operating Expenses</b>	<u>1,381,219</u>	<u>11,767,252</u>	<u>22,251,942</u>	<u>35,400,413</u>
<b>Operating Income (Loss)</b>	<u>1,011,164</u>	<u>(11,598,754)</u>	<u>4,600,702</u>	<u>(5,986,888)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest income	114,714	--	--	114,714
Interest earned on funds on deposit with custodian	637	24,221	168,840	193,698
Other income	76,240	184,754	--	260,994
Loss on disposal of capital assets	(710)	--	--	(710)
Transfer from (to) other program	--	4,769,542	(4,769,542)	--
Payment to primary state government	(770,945)	--	--	(770,945)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(580,064)</u>	<u>4,978,517</u>	<u>(4,600,702)</u>	<u>(202,249)</u>
<b>Increase (Decrease) in Net Position</b>	431,100	(6,620,237)	--	(6,189,137)
<b>Net Position - Beginning of Year</b>	<u>8,076,613</u>	<u>20,556,786</u>	<u>--</u>	<u>28,633,399</u>
<b>Net Position - End of Year</b>	<u>\$ 8,507,713</u>	<u>\$ 13,936,549</u>	<u>\$ --</u>	<u>\$ 22,444,262</u>

*See independent auditors' report on supplementary information.*

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**

(A Component Unit of the State of Rhode Island)

**SCHEDULE OF TRAVEL, ENTERTAINMENT AND EDUCATIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2020**

**Women in Public Finance Summer Chat & Chow - Providence, RI  
July 16, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
8/13/2019	Kimberly Mooers	Meal	\$ 69.02
8/13/2019	Kimberly Mooers	Mileage	2.73
			<u>71.75</u>

**PBN's 25 over Fifty-Five Awards Program - Providence, RI  
August 22, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
8/13/2019	Kimberly Mooers	Registration	125.00
10/3/2019	Kimberly Mooers	Mileage	25.62
			<u>150.62</u>

**Greater Providence Chamber of Commerce Economic Outlook Luncheon  
Providence, RI - September 18, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
8/13/2019	Kimberly Mooers	Registration	75.00
8/8/2019	Scott O'Malley	Registration	75.00
			<u>150.00</u>

**Moody's Healthcare and Higher Education Briefing - Boston, MA  
September 19, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
10/3/2019	Kimberly Mooers	Parking, Mileage	<u>33.40</u>

**National Association of Health & Educational Facilities Finance Authorities  
Portland, ME - September 23-24, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
8/13/2019	Kimberly Mooers	Registration	450.00
10/3/2019	Kimberly Mooers	Lodging, Meals, Transportation	884.72
			<u>1,334.72</u>

*See independent auditors' report on supplementary information.*



**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**

(A Component Unit of the State of Rhode Island)

**SCHEDULE OF TRAVEL, ENTERTAINMENT AND EDUCATIONAL EXPENSES  
(CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2020**

**RI Office of the General Treasurer/RIHEBC Fall Municipal Training Conference  
Warwick, RI - October 21, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
10/17/2019	Pranzi	Beverage Service	1,551.90
1/3/2020	Kimberly Mooers	Mileage	16.35
			<u>1,568.25</u>

**Women in Public Finance Inaugural Professional Development Series - Boston, MA  
October 29, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
1/3/2020	Kimberly Mooers	Mileage	13.08
1/3/2020	Kimberly Mooers	Parking	42.00
			<u>55.08</u>

**PBN's Fall Healthcare Summit - Providence, RI  
October 30, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
10/3/2019	Kimberly Mooers	Registration	65.00
1/3/2020	Kimberly Mooers	Mileage	11.99
			<u>76.99</u>

**Women in Public Finance Holiday Party - Boston, MA  
December 5, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
1/3/2020	Kimberly Mooers	Mileage	28.34
1/3/2020	Kimberly Mooers	Parking	14.00
			<u>42.34</u>

**RIHEBC Year-End Event - Providence, RI  
December 11, 2019**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
12/11/2019	Layali	Food	<u>840.00</u>

*See independent auditors' report on supplementary information.*

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**

(A Component Unit of the State of Rhode Island)

**SCHEDULE OF TRAVEL, ENTERTAINMENT AND EDUCATIONAL EXPENSES  
(CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2020**

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**Greater Providence Chamber of Commerce Legislative Luncheon  
Providence, RI - February 12, 2020**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
1/3/2020	GPCC	Registration	80.00
1/3/2020	GPCC	Registration	80.00
			<u>160.00</u>

**Mileage/Miscellaneous - July 1, 2019 - June 30, 2020**

<u>Date Paid</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
8/13/2019	Kim Mooers	Mileage (July)	2.72
8/13/2019	Kim Mooers	Lunch (T. Afonso)	49.84
9/17/2019	Jenn Almeida	Online Training	47.96
10/3/2019	Kim Mooers	Mileage (Aug.-Sept.)	52.41
1/3/2020	Kim Mooers	Lunch (staff)	65.71
1/3/2020	Kim Mooers	Lunch (C. Lopes)	17.80
1/3/2020	Kim Mooers	Mileage/Parking (Oct.-Dec.)	50.78
6/2/2020	Kim Mooers	Staff outing (lunch, RISD)	109.06
6/2/2020	Kim Mooers	Mileage/Parking (Jan.-Mar.)	50.55
			<u>446.83</u>

**Total    \$ 4,929.98**

*See independent auditors' report on supplementary information.*

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**

(A Component Unit of the State of Rhode Island)

**STATE OF RHODE ISLAND REQUIRED FORMAT**

**JUNE 30, 2020**

**Statement of Net Position**

**Attachment B**

**Assets**

Current assets:

Cash and cash equivalents \$ 7,886,055

Receivables 644,327

Restricted assets:

Funds on deposit with custodian 14,607,235

Due from primary government 4,212,775

Other assets 67,846

Total current assets 27,418,238

Noncurrent assets:

Receivables 1,734,916

Capital assets - depreciable, net 25,243

Total noncurrent assets 1,760,159

Total assets 29,178,397

**Liabilities**

Current liabilities:

Accounts payable 6,437,603

Due to primary government 223,222

Accrued expenses 73,310

Total current liabilities 6,734,135

Total liabilities 6,734,135

**Net Position**

Net investment in capital assets 25,243

Restricted for:

School Building Authority Capital Fund 13,936,549

Unrestricted 8,482,470

Total net position \$ 22,444,262

*See independent auditors' report on supplementary information.*

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**

(A Component Unit of the State of Rhode Island)

**STATE OF RHODE ISLAND REQUIRED FORMAT**

**FOR THE YEAR ENDED JUNE 30, 2020**

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**Statement of Activities**

**Attachment C**

<b>Expenses</b>	\$ 35,401,123
<b>Program revenues:</b>	
Charges for services	2,428,202
Operating grants and contributions	<u>26,985,323</u>
Total program revenues	<u>29,413,525</u>
 Net revenues (expenses)	 <u>(5,987,598)</u>
<b>General revenues:</b>	
Interest and investment earnings	308,412
Miscellaneous revenue	<u>260,994</u>
Total general revenues	<u>569,406</u>
 Payment to primary state government	 <u>(770,945)</u>
 Change in net position	 (6,189,137)
 Total net position - beginning	 <u>28,633,399</u>
 Total net position - ending	 <u><u>\$ 22,444,262</u></u>

*See independent auditors' report on supplementary information.*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLINACE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
**Rhode Island Health and Educational Building Corporation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rhode Island Health and Educational Building Corporation (a component unit of the State of Rhode Island) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Rhode Island Health and Educational Building Corporation's basic financial statements, and have issued our report thereon dated October 23, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Rhode Island Health and Educational Building Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rhode Island Health and Educational Building Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Rhode Island Health and Educational Building Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Rhode Island Health and Educational Building Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Providence, RI  
October 23, 2020