

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

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**FINANCIAL STATEMENTS AND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2021 AND 2020**

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

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

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

**June 30, 2021 and 2020**

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the business-type activity and the aggregate remaining fund information of Rhode Island Health and Educational Building Corporation (a component unit of the State of Rhode Island) (the "Corporation") as of and for the year ended June 30, 2021, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the business-type activity and the aggregate remaining fund information of Rhode Island Heath and Educational Building Corporation as of June 30, 2021, and the respective changes in net position and fiduciary net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Prior Period Financial Statements**

The financial statements of Rhode Island Health and Educational Building Corporation as of June 30, 2020, were audited by other auditors whose report dated October 23, 2020, expressed an unmodified opinion on those statements.

## **Emphasis of Matter**

As discussed in Note 2 to the financial statements, the Corporation adopted new accounting guidance, GASBS No. 84, Fiduciary Activities and GASBS No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan. Our opinion is not modified with respect to this matter in 2021. Also as discussed in Note 2, the Corporation restated and reclassified certain amounts in the prior financial statement presentation.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 historic 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 with 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 opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "O'Connor + Drew, P.C.".

**Certified Public Accountants  
Braintree, Massachusetts**

September 29, 2021

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

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

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

**June 30, 2021 and 2020**

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, 2021 and 2020. 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.

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

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

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

**June 30, 2021 and 2020**

*Fiduciary Funds* – The Corporation reports custodian funds on separate statements of fiduciary net position and statements of changes in fiduciary net position. Fiduciary funds are used to account for resources held for the benefit of parties outside the Corporation. Fiduciary funds are not reflected in the Corporation's business type financial statements because the resources of these funds are not available to support the Corporation's own programs. The Fiduciary Fund Financial Statements can be found immediately following the financial statements.

*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.

### **FINANCIAL HIGHLIGHTS – FY 2021**

- During FY 2021 the Corporation implemented GASB 84, affecting the reporting of certain activities identified as fiduciary activities. The activities meeting the criteria are reported herein as a fiduciary fund, independent of the Corporation's activities.
- During FY 2021 the Corporation completed 10 bond financings totaling \$391,625,500 as compared to 11 bond financings completed during FY 2020 totaling \$197,258,500.
- During FY 2021 the Corporation transferred \$677,945 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 2021 are \$8,910,350, an increase of \$73,762 or .84% over total assets for FY 2020.
- Cash and equivalents for FY 2021 are \$7,835,840, a decrease of \$50,215 or .64% over cash and equivalents for FY 2020.
- Operating revenues for FY 2021 are \$2,558,067, an increase of \$165,684 or 7% over operating revenues for FY 2020.
- Operating expenses for FY 2021 are \$1,751,938, an increase of \$370,719 or 27% over operating expenses for FY 2020.
- Change in net position for FY 2021 is \$145,757, a decrease of \$285,343 or 66% over the change in net position for FY 2020.

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

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

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

**June 30, 2021 and 2020**

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

- 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 \$8,836,588, an increase of \$297,062 or 3% over total assets for FY 2019.
- Cash and investments for FY 2020 are \$7,886,055, an increase of \$360,728 or 5% over cash and investments for FY 2019.
- Operating revenues for FY 2020 are \$2,392,383, a decrease of \$698,679 or 23% over operating revenues for FY 2019.
- Operating expenses for FY 2020 are \$1,381,219, a decrease of \$281,577 or 17% over operating expenses for FY 2019.
- Change in net position for FY 2020 is \$431,100, a decrease of \$425,212 or 50% 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, 2021 and 2020

### FINANCIAL ANALYSIS

#### Condensed Statements of Net Position

|                                  | <u>2021</u>                | (Restated)<br><u>2020</u>  | (Restated)<br><u>2019</u>  |
|----------------------------------|----------------------------|----------------------------|----------------------------|
| Capital assets, net              | \$ 26,954                  | \$ 25,243                  | \$ 25,910                  |
| Other assets                     | <u>8,883,396</u>           | <u>8,811,345</u>           | <u>8,513,616</u>           |
| Total assets                     | <b>8,910,350</b>           | 8,836,588                  | 8,539,526                  |
| Other liabilities                | <u>224,537</u>             | <u>296,532</u>             | <u>430,570</u>             |
| Total liabilities                | <u>224,537</u>             | <u>296,532</u>             | <u>430,570</u>             |
| Net investment in capital assets | <b>26,954</b>              | 25,243                     | 25,910                     |
| Restricted                       | <b>250,085</b>             | 61,366                     | 165,919                    |
| Unrestricted                     | <u>8,408,774</u>           | <u>8,453,447</u>           | <u>7,917,127</u>           |
| Total net position               | <b>\$ <u>8,685,813</u></b> | <b>\$ <u>8,540,056</u></b> | <b>\$ <u>8,108,956</u></b> |

**RHODE ISLAND HEALTH AND EDUCATIONAL  
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**Management's Discussion and Analysis - Continued**

**June 30, 2021 and 2020**

**Capital Assets**

Capital assets increased 7% during FY 2021 due to the net effect of the Corporation recording \$8,437 of depreciation, investing \$12,362 in capital assets, and disposing of \$2,214 of 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.

**Total Assets**

Total assets increased \$73,762 or .84% during FY 2021 due to an increase in restricted cash of \$188,719, despite a decrease in loans receivable of \$117,541.

Total assets increased \$297,062 or 3% during FY 2020 due to cash and equivalents (including restricted cash) increasing \$176,176, and receivables increasing \$116,562.

**Total Liabilities**

Total liabilities decreased \$71,995 or 24% during FY 2021 due to a decrease in the amount payable to primary state government for FY 2020 fourth quarter personnel expenses.

Total liabilities decreased \$134,036 or 31% during FY 2020 due to the payment of \$115,000 grants payable and payment of \$36,000 audit fees payable.

**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 designated 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, 2021 and 2020

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

|   | <u>2021</u>         | (Restated)<br><u>2020</u> | (Restated)<br><u>2019</u> |
|---|---------------------|---------------------------|---------------------------|
| Operating revenues:                     |                     |                           |                           |
| Administrative fees                     | \$ 2,542,465        | \$ 2,376,665              | \$ 3,074,171              |
| Interest earned on loans receivable     | <u>15,602</u>       | <u>15,718</u>             | <u>16,891</u>             |
| Total operating revenues                | <u>2,558,067</u>    | <u>2,392,383</u>          | <u>3,091,062</u>          |
| Operating expenses:                     |                     |                           |                           |
| Administrative                          | 1,203,498           | 1,371,295                 | 1,653,609                 |
| Grants                                  | 540,003             | -                         | -                         |
| Depreciation                            | <u>8,437</u>        | <u>9,924</u>              | <u>9,187</u>              |
| Total operating expenses                | <u>1,751,938</u>    | <u>1,381,219</u>          | <u>1,662,796</u>          |
| Operating income                        | <u>806,129</u>      | <u>1,011,164</u>          | <u>1,428,266</u>          |
| Non-operating revenues (expenses):      |                     |                           |                           |
| Interest income                         | 6,606               | 115,351                   | 168,150                   |
| Other income                            | 13,181              | 76,240                    | -                         |
| Loss on disposal of capital assets      | (2,214)             | (710)                     | (2,370)                   |
| Payment to primary state government     | <u>(677,945)</u>    | <u>(770,945)</u>          | <u>(737,734)</u>          |
| Total non-operating revenues (expenses) | <u>(660,372)</u>    | <u>(580,064)</u>          | <u>(571,954)</u>          |
| Increase in net position                | 145,757             | 431,100                   | 856,312                   |
| Net position, at beginning of year      | <u>8,540,056</u>    | <u>8,108,956</u>          | <u>7,252,644</u>          |
| Net position, at end of year            | \$ <u>8,685,813</u> | \$ <u>8,540,056</u>       | \$ <u>8,108,956</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, 2021 and 2020**

### **Revenues**

#### Administrative Fees

Administrative fee revenue increased \$165,800 or 7% for FY 2021. This increase is due to a \$231,340 or 322% increase in the amount of administrative fees the Corporation collects from public school districts. The fees collected from school districts are restricted for the purpose of funding limited personnel expenses of the School Building Authority. Administrative fee revenues from all other borrowers decreased \$65,540 or 3%.

Administrative fee revenue decreased \$697,506 or 23% for FY 2020. A legislative change reduced the amount the Corporation can collect from public school districts. This resulted in a decrease of \$609,608 or 89% from this revenue source. Administrative fee revenues from all other borrowers also decreased \$87,898 or 4%.

#### Interest Income

Investment income decreased \$108,745 or 94% for FY 2021 due to a decrease in the interest rate on the Corporation's investments. In March the Corporation moved its funds to a higher yielding investment.

Investment income decreased \$52,799 or 31% for FY 2020 due to a decrease in the interest rate on the Corporation's investments.

### **Expenses**

#### Administrative

Administrative expenses decreased \$167,797 or 12% during FY 2021 due to decreases in professional fees (legal counsel and financial consultants) of \$216,321, despite an increase in wages of \$19,123 and \$26,529 being expended for contract employee.

Administrative expenses decreased \$282,314 or 17% during FY 2020 due to decreases in personnel related expenses of \$168,256, audit expenses of \$32,656, and executive recruitment expenses of \$34,539.

#### Grants

During FY 2021 the Corporation paid grants in the amount of \$540,003.

The Corporation did not pay any grants during FY 2020.

#### Payments to the State

**RHODE ISLAND HEALTH AND EDUCATIONAL  
BUILDING CORPORATION**  
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**Management's Discussion and Analysis - Continued**

**June 30, 2021 and 2020**

During FY 2021, the Corporation made payments to the State of Rhode Island's general fund totaling of \$677,945 to support limited personnel expenses of the School Building Authority, a decrease of 12% over FY 2020.

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 5% over FY 2019.

**CONDUIT DEBT**

|               | <u><b>2021</b></u>             | <u><b>2020</b></u>      | <u><b>2019</b></u>      |
|---------------|--------------------------------|-------------------------|-------------------------|
| Bonds Payable | \$ <u><b>3,250,031,819</b></u> | \$ <u>3,120,492,448</u> | \$ <u>3,198,828,751</u> |

The Corporation issued \$391,625,000 of conduit debt during FY 2021. Of that amount, approximately \$277,170,000 was issued to finance new projects and \$114,455,000 was issued to refund prior bonds.

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.

More detail on the Corporation's conduit debt 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, 2021 and 2020**

### **FACTORS AFFECTING FUTURE OPERATIONS**

The Corporation's financing activity has not been significantly affected by the COVID pandemic. Due to the effects of the pandemic on the economy, the Corporation established an emergency loan program to assist borrowers who are unable to pay debt service payments on their bonds. At June 30, 2021, the Corporation has no outstanding loans from this program. During FY 2021 the Corporation saw a 163% increase in the financing of new projects over the prior fiscal year.

### **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, 33 Broad Street, Suite 200, 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, 2021 and 2020

|  | <u>Assets</u>       |                           |
|--|---------------------|---------------------------|
|  | <u>2021</u>         | (Restated)<br><u>2020</u> |
| <b>Current Assets:</b>                     |                     |                           |
| Cash and equivalents                       | \$ 7,835,840        | \$ 7,886,055              |
| Restricted cash and equivalents            | 250,085             | 61,366                    |
| Current portion of loans receivable        | 44,123              | 55,487                    |
| Accounts receivable                        | 178,400             | 125,962                   |
| Prepaid expenses                           | <u>66,496</u>       | <u>67,846</u>             |
| <b>Total Current Assets</b>                | <u>8,374,944</u>    | <u>8,196,716</u>          |
| <b>Non-Current Assets:</b>                 |                     |                           |
| Loans receivable, net of current portion   | 508,452             | 614,629                   |
| Capital assets, net                        | <u>26,954</u>       | <u>25,243</u>             |
| <b>Total Non-Current Assets</b>            | <u>535,406</u>      | <u>639,872</u>            |
| <b>Total Assets</b>                        | <u>\$ 8,910,350</u> | <u>\$ 8,836,588</u>       |
| <b><u>Liabilities and Net Position</u></b> |                     |                           |
| <b>Current Liabilities:</b>                |                     |                           |
| Accrued expenses                           | \$ 56,248           | \$ 73,310                 |
| Due to primary state government            | <u>168,289</u>      | <u>223,222</u>            |
| <b>Total Liabilities</b>                   | <u>224,537</u>      | <u>296,532</u>            |
| <b>Net Position:</b>                       |                     |                           |
| Net investment in capital assets           | 26,954              | 25,243                    |
| Restricted                                 | 250,085             | 61,366                    |
| Unrestricted                               | <u>8,408,774</u>    | <u>8,453,447</u>          |
| <b>Total Net Position</b>                  | <u>8,685,813</u>    | <u>8,540,056</u>          |
| <b>Total Liabilities and Net Position</b>  | <u>\$ 8,910,350</u> | <u>\$ 8,836,588</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 and Expenses

For the Years Ended June 30,

|  | <u>2021</u>       | (Restated)<br><u>2020</u> |
|--|-------------------|---------------------------|
| <b>Operating Revenues:</b>                     |                   |                           |
| Administrative fees                            | \$ 2,542,465      | \$ 2,376,665              |
| Interest earned on loans receivable            | <u>15,602</u>     | <u>15,718</u>             |
| <b>Total Operating Revenues</b>                | <u>2,558,067</u>  | <u>2,392,383</u>          |
| <b>Operating Expenses:</b>                     |                   |                           |
| Administrative                                 | 1,203,498         | 1,371,295                 |
| Grants   | 540,003           | -                         |
| Depreciation                                   | <u>8,437</u>      | <u>9,924</u>              |
| <b>Total Operating Expenses</b>                | <u>1,751,938</u>  | <u>1,381,219</u>          |
| <b>Operating Income</b>                        | 806,129           | 1,011,164                 |
| <b>Non-Operating Revenues (Expenses):</b>      |                   |                           |
| Interest income                                | 6,606             | 115,351                   |
| Other income                                   | 13,181            | 76,240                    |
| Loss on disposal of capital assets             | (2,214)           | (710)                     |
| Payment to primary state government            | <u>(677,945)</u>  | <u>(770,945)</u>          |
| <b>Total Non-Operating Revenues (Expenses)</b> | <u>(660,372)</u>  | <u>(580,064)</u>          |
| <b>Increase in Net Position</b>                | <u>\$ 145,757</u> | <u>\$ 431,100</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 Changes in Net Position

For the Years Ended June 30, 2021 and 2020

|  | Net Investment<br>in<br>Capital Assets | Restricted<br>Expendable | Unrestricted               | Total                      |
|--|--|--------------------------|----------------------------|----------------------------|
| <b>Balance June 30, 2019, as previously reported</b> | <b>\$ 25,910</b>                       | <b>\$ 20,556,786</b>     | <b>\$ 8,050,703</b>        | <b>\$ 28,633,399</b>       |
| Reclassification - See Note 2                        | -                                      | 165,919                  | (165,919)                  |                            |
| Prior period adjustment - See Note 2                 | -                                      | (20,556,786)             | 32,343                     | (20,524,443)               |
| <b>Balance at June 30, 2019, as restated</b>         | <b>25,910</b>                          | <b>165,919</b>           | <b>7,917,127</b>           | <b>8,108,956</b>           |
| Change in net position, as previously reported       | (667)                                  | (104,553)                | 536,320                    | 431,100                    |
| <b>Balance at June 30, 2020, as restated</b>         | <b>25,243</b>                          | <b>61,366</b>            | <b>8,453,447</b>           | <b>8,540,056</b>           |
| Changes in net position                              | 1,711                                  | 188,719                  | (44,673)                   | 145,757                    |
| <b>Balance, June 30, 2021</b>                        | <b><u>\$ 26,954</u></b>                | <b><u>\$ 250,085</u></b> | <b><u>\$ 8,408,774</u></b> | <b><u>\$ 8,685,813</u></b> |

*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,

|  | <u>2021</u>                | (Restated)<br><u>2020</u>  |
|--|----------------------------|----------------------------|
| <b>Cash Flows from Operating Activities:</b>   |                            |                            |
| Cash received from institutions for administrative fees  | \$ 2,490,027               | \$ 2,292,721               |
| Cash received from collections on loans receivable   | 117,541                    | 41,903                     |
| Cash received from interest earned on loans receivable   | 15,602                     | 16,374                     |
| Cash received from other sources   | 13,181                     | 76,240                     |
| Payments for disbursement of loans receivable  | -                          | (74,521)                   |
| Payment to grantees  | (540,003)                  | (115,000)                  |
| Payment of employees for services  | (456,212)                  | (479,393)                  |
| Payment to suppliers for goods and services  | <u>(762,998)</u>           | <u>(917,604)</u>           |
| Net Cash Provided by Operating Activities  | <u>877,138</u>             | <u>840,720</u>             |
| <b>Cash Flow from Non-Capital Financing Activity:</b>  |                            |                            |
| Payment to primary state government  | <u>(732,878)</u>           | <u>(769,929)</u>           |
| <b>Cash Flow from Capital and Related Financing Activity:</b>  |                            |                            |
| Purchase of capital assets   | <u>(12,362)</u>            | <u>(9,967)</u>             |
| <b>Cash Flows from Investing Activities:</b>   |                            |                            |
| Proceeds from sale and maturities of investment securities   | -                          | 80,000                     |
| Net investment income  | <u>6,606</u>               | <u>115,351</u>             |
| Net Cash Provided by Investing Activities  | <u>6,606</u>               | <u>195,351</u>             |
| <b>Net Increase in Cash and Equivalents</b>  | <b>138,504</b>             | <b>256,175</b>             |
| Cash and Equivalents, at Beginning of Year   | <u>7,947,421</u>           | <u>7,691,246</u>           |
| <b>Cash and Equivalents, at End of Year</b>  | <b><u>\$ 8,085,925</u></b> | <b><u>\$ 7,947,421</u></b> |
| <b>Reconciliation of Operating Income to Net Cash Provided by<br/>(Applied to) Operating Activities:</b> |                            |                            |
| Operating income   | \$ 806,129                 | \$ 1,011,164               |
| Adjustments to reconcile net income to net cash provided by<br>(applied to) operating activities:        |                            |                            |
| Depreciation   | 8,437                      | 9,924                      |
| Other income   | 13,181                     | 76,240                     |
| Changes in assets and liabilities:   |                            |                            |
| Accounts receivable  | (52,438)                   | (83,944)                   |
| Prepaid expenses   | 1,350                      | (5,648)                    |
| Loans receivable   | 117,541                    | (32,618)                   |
| Accrued interest   | -                          | 656                        |
| Grants payable   | -                          | (115,000)                  |
| Accrued expenses   | <u>(17,062)</u>            | <u>(20,054)</u>            |
| Net Cash Provided by Operating Activities  | <u>\$ 877,138</u>          | <u>\$ 840,720</u>          |
| Cash and cash equivalents are comprised of the following:  |                            |                            |
| Cash and equivalents   | \$ 7,835,840               | \$ 7,886,055               |
| Restricted cash and equivalents  | <u>250,085</u>             | <u>61,366</u>              |
|  | <b><u>\$ 8,085,925</u></b> | <b><u>\$ 7,947,421</u></b> |

*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 Fiduciary Net Position  
Custodial Fiduciary Funds  
June 30, 2021**

|  | <b><u>Assets</u></b>                     |                             |                             |
|--|--|-----------------------------|-----------------------------|
|  | <u>Housing Aid</u>                       | <u>SBACF</u>                | <u>PayGo</u>                |
| <b>Current Assets:</b>   |  |                             |                             |
| Cash and equivalents   | \$ 1,408,460                             | \$ 10,415,477               | \$ 21,973,207               |
| Current portion loans receivable                               | -  | 434,448                     | -                           |
| Due from other funds   | -  | 365,015                     | -                           |
| Accrued interest receivable                                    | -  | 15,220                      | -                           |
| <b>Total Current Assets</b>                                    | <b><u>1,408,460</u></b>                  | <b><u>11,230,160</u></b>    | <b><u>21,973,207</u></b>    |
| <b>Non-Current Asset:</b>                                      |  |                             |                             |
| Loans receivable, net of current portion                       | -  | 903,062                     | -                           |
| <b>Total Assets</b>  | <b><u>\$ 1,408,460</u></b>               | <b><u>\$ 12,133,222</u></b> | <b><u>\$ 21,973,207</u></b> |
|  | <b><u>Liability and Net Position</u></b> |                             |                             |
| <b>Current Liabilities:</b>                                    |  |                             |                             |
| Due to Rhode Island Health Educational<br>Building Corporation | \$ 32,343                                | \$ -                        | \$ -                        |
| Due to local governments                                       | 1,011,102                                |                             |                             |
| Project costs payable  | -  | 135,567                     | 4,217,121                   |
| Due to other funds   | 365,015                                  | -                           | -                           |
| <b>Total Liabilities</b>                                       | <b><u>1,408,460</u></b>                  | <b><u>135,567</u></b>       | <b><u>4,217,121</u></b>     |
| <b>Net Position:</b>   |  |                             |                             |
| Restricted:  |  |                             |                             |
| Held for authorized projects                                   | -  | 4,883,963                   | -                           |
| Available for future projects                                  | -  | 7,113,692                   | 17,756,086                  |
| <b>Total Net Position</b>                                      | <b><u>-</u></b>                          | <b><u>11,997,655</u></b>    | <b><u>17,756,086</u></b>    |
| <b>Total Liabilities and Net Position</b>                      | <b><u>\$ 1,408,460</u></b>               | <b><u>\$ 12,133,222</u></b> | <b><u>\$ 21,973,207</u></b> |

*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 Fiduciary Net Position  
Custodial Fiduciary Funds  
June 30, 2020**

|  | <b><u>Assets</u></b>                       |                      |                     |
|--|--|----------------------|---------------------|
|  | <u>Housing</u>                             | <u>SBACF</u>         | <u>PayGo</u>        |
| <b>Current Assets:</b>   |  |                      |                     |
| Cash and equivalents   | \$ 3,711,744                               | \$ 8,726,913         | \$ 2,107,212        |
| Current portion loans receivable                               | -  | 477,447              | -                   |
| Due from State of Rhode Island                                 | -  | 132,679              | 4,080,096           |
| Due from other funds   | -  | 5,319,311            | -                   |
| Accrued interest receivable                                    | -  | 17,774               | -                   |
| <b>Total Current Assets</b>                                    | <u>3,711,744</u>                           | <u>14,674,124</u>    | <u>6,187,308</u>    |
| <b>Non-Current Assets:</b>                                     |  |                      |                     |
| Loans receivable, net of current portion                       | -  | 1,120,287            | -                   |
| <b>Total Assets</b>  | <u>\$ 3,711,744</u>                        | <u>\$ 15,794,411</u> | <u>\$ 6,187,308</u> |
|  | <b><u>Liabilities and Net Position</u></b> |                      |                     |
| <b>Current Liabilities:</b>                                    |  |                      |                     |
| Due to Rhode Island Health Educational<br>Building Corporation | \$ 32,343                                  | \$ -                 | \$ -                |
| Due to local governments                                       | 3,129,632                                  | -                    | -                   |
| Project costs payable  | -  | 1,492,847            | 1,417,766           |
| Due to other funds   | 549,769                                    | -                    | 4,769,542           |
| <b>Total Liabilities</b>                                       | <u>3,711,744</u>                           | <u>1,492,847</u>     | <u>6,187,308</u>    |
| <b>Net Position:</b>   |  |                      |                     |
| Restricted - School Building Authority Capital Fund:           |  |                      |                     |
| Held for authorized projects                                   | -  | 6,714,088            | -                   |
| Available for future projects                                  | -  | 7,587,476            | -                   |
| <b>Total Net Position</b>                                      | <u>-</u>                                   | <u>14,301,564</u>    | <u>-</u>            |
| <b>Total Liabilities and Net Position</b>                      | <u>\$ 3,711,744</u>                        | <u>\$ 15,794,411</u> | <u>\$ 6,187,308</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 Changes in Fiduciary Net Position  
Custodial Fiduciary Funds  
For the Year Ended June 30, 2021**

|  | <u>Housing Aid</u>       | <u>SBACF</u>                | <u>PayGo</u>                |
|--|--------------------------|-----------------------------|-----------------------------|
| <b>Additions:</b>                                    |                          |                             |                             |
| State appropriations                                 | \$ 58,040,916            | \$ 1,019,303                | \$ 35,919,904               |
| Interest earned on loans receivable                  | -                        | 26,719                      | -                           |
| Investment earnings:                                 |                          |                             |                             |
| Interest income                                      | 1,268                    | 790                         | 2,135                       |
| Transfer from (to) other program                     | <u>(1,268)</u>           | <u>1,268</u>                | <u>-</u>                    |
| <b>Total Additions</b>                               | <b>58,040,916</b>        | <b>1,048,080</b>            | <b>35,922,039</b>           |
| <b>Deductions:</b>                                   |                          |                             |                             |
| Housing aid  | 58,040,916               | -                           | -                           |
| Project cost grants                                  | <u>-</u>                 | <u>3,351,989</u>            | <u>18,165,953</u>           |
| <b>Total Deductions</b>                              | <b><u>58,040,916</u></b> | <b><u>3,351,989</u></b>     | <b><u>18,165,953</u></b>    |
| <b>Increase (Decrease) in Fiduciary Net Position</b> | <b>-</b>                 | <b>(2,303,909)</b>          | <b>17,756,086</b>           |
| Net Position, at Beginning of Year                   | <u>-</u>                 | <u>14,301,564</u>           | <u>-</u>                    |
| <b>Net Position, at End of Year</b>                  | <b><u>\$ -</u></b>       | <b><u>\$ 11,997,655</u></b> | <b><u>\$ 17,756,086</u></b> |

*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 Changes in Fiduciary Net Position  
Custodial Fiduciary Funds  
For the Year Ended June 30, 2020**

|  | <u>Housing</u>    | <u>SBACF</u>         | <u>PayGo</u>       |
|--|-------------------|----------------------|--------------------|
| <b>Additions:</b>                                    |                   |                      |                    |
| State appropriations                                 | \$ 62,896,702     | \$ 132,679           | \$ 26,852,644      |
| Interest earned on loans receivable                  | -                 | 35,819               | -                  |
| Investment earnings:                                 |                   |                      |                    |
| Interest income                                      | 184,754           | 24,221               | 168,840            |
| Transfer from (to) other program                     | <u>(184,754)</u>  | <u>4,954,296</u>     | <u>(4,769,542)</u> |
| <b>Total Additions</b>                               | <u>62,896,702</u> | <u>5,147,015</u>     | <u>22,251,942</u>  |
| <b>Deductions:</b>                                   |                   |                      |                    |
| Housing aid  | 62,896,702        | -                    | -                  |
| Project cost grants                                  | <u>-</u>          | <u>11,767,252</u>    | <u>22,251,942</u>  |
| <b>Total Deductions</b>                              | <u>62,896,702</u> | <u>11,767,252</u>    | <u>22,251,942</u>  |
| <b>Increase (Decrease) in Fiduciary Net Position</b> | -                 | (6,620,237)          | -                  |
| Net Position, at Beginning of Year                   | <u>-</u>          | <u>20,921,801</u>    | <u>-</u>           |
| <b>Net Position, at End of Year</b>                  | <u>\$ -</u>       | <u>\$ 14,301,564</u> | <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)

## **Notes to the Financial Statements**

**June 30, 2021 and 2020**

### **Note 1 - Summary of Significant Accounting Policies**

#### **Organization**

Rhode Island Health and Educational Building Corporation (the "Corporation") 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 Annual Comprehensive 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.

#### **COVID-19**

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (COVID-19) as a pandemic. 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. The COVID-19 crisis created volatility in the financial markets and uncertainty in the overall economy.

#### **Basis of Presentation**

The accompanying financial statements 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.

#### **Business-Type Activity Accounting**

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.

#### **Fiduciary Funds**

The fiduciary fund financial statements are reported using the same basis of accounting as the business-type activity. Fiduciary funds are not reflected in the Corporation's business-type financial statements because the resources of these funds are not available to support the Corporation's own programs. The fiduciary funds are custodial funds which account for assets held by the Corporation on behalf of another governmental entity.

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

(a Component Unit of the State of Rhode Island)

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### **Note 1 - Summary of Significant Accounting Policies - Continued**

#### **Fiduciary Funds - Continued**

The Corporation reports the following fiduciary funds –

##### **School Building Authority Capital Fund (“SBACF”)**

The SBACF was established to address high priority projects in communities with limited financial resources. Awards are approved and granted by the School Building Authority (“SBA”), a division within the Rhode Island Department of Education (“RIDE”), for the purposes 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 fund their share of the project costs through a loan from the SBACF. In 2019 the SBACF began providing grants to LEAs for technical assistance and guidance on the Necessity of School Construction application process. In 2021 the SBACF began providing grants to LEAs for COVID-19 related projects that mitigate the impact of the virus and promote a healthy learning environment. Funding of SBACF is expected to continue through annual appropriation from the legislature, interest earned on loans, interest savings from bond refinancing and other payments received by the Corporation pursuant to finance agreements with LEAs.

##### **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 allowed 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. LEAs have two years to spend PayGo awards.

##### **School Housing Aid (“Housing Aid”)**

School Housing Aid provides LEAs that complete school housing projects, including repair, renovation, and new construction, reimbursement for eligible project costs. The Housing Aid program also provides incentive bonuses for the improvement of school safety and security. The minimum reimbursement rate is 35%. The state’s share ratio is based on the district’s ability to pay.

Under the provisions of Rhode Island General Law, legislation assigned certain administrative duties related to the management and custody of monetary assets of the aforementioned fiduciary programs to the Corporation, including establishing a trust to hold related monies, and creating and maintaining a custody account.



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

(a Component Unit of the State of Rhode Island)

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### **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. Operating expenses consist predominantly of administrative expenses and grant expenses, which are recognized as incurred. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 34. These non-operating activities primarily consist of gains or losses related to investments and contributions made to the state.

#### **Revenue Recognition – Fiduciary Funds**

The principal operating revenues of the fiduciary funds are state appropriations and transfers of bond proceeds while expenses consist predominantly of project cost grant expenses and housing aid payments, which are recognized as expended when the cost is incurred by the LEA.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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 estimating an allowance for doubtful accounts and depreciation.

#### **Cash and Equivalents**

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

#### **Cash and Equivalents - Restricted**

The Corporation's restricted cash and equivalents consists of cash deposits restricted by state legislation for specific payment to the State of Rhode Island.

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

(a Component Unit of the State of Rhode Island)

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### **Note 1 - Summary of Significant Accounting Policies – Continued**

#### *Cash and Equivalents – Fiduciary Funds*

The fiduciary funds' cash deposits are held in designated accounts at financial institution(s) and institutional money market accounts and are designated for specific purposes as defined by applicable state statutes.

#### *Investments*

Investments are stated at fair value or at amortized cost, which approximates fair value. 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 of the Corporation 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 date 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, 2021 and 2020.

#### *Capital Assets*

Capital assets include furniture and fixtures, and office and computer equipment. 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 to ten 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 – Fiduciary Funds*

The fiduciary funds' project costs payable represent the liability for amounts granted or loaned but have not been requisitioned by their intended recipients for their projects as of year end.

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

### Note 1 - Summary of Significant Accounting Policies - Continued

#### Due to Local Governments – Fiduciary Funds

The amounts due from the fiduciary funds to local governments represent housing aid payments that have not been paid to their intended recipients as of year end.

#### Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave. Accrued vacation and sick is included in accrued expenses at June 30, 2021 and 2020. Upon retirement or termination, employees are compensated for all accumulated unused vacation up to a maximum depending on length of employment, and 50% of all accumulated unused sick leave, not to exceed 45 days. At June 30, 2021 and 2020, compensated absences totaled approximately \$23,500 and \$12,600 respectively.

| Balance at<br>June 30, 2021 | Additions | Retirements | Balance at<br>June 30, 2021 |
|-----------------------------|-----------|-------------|-----------------------------|
| \$ 12,600                   | \$ 23,100 | \$ 12,200   | \$ 23,500                   |

#### Net Position

Resources are classified for accounting purposes into the following categories:

Net 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, 2021 and 2020.

Restricted - Nonexpendable: Net position subject to externally imposed conditions that the Corporation must maintain in perpetuity.

Restricted - Expendable: Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the Corporation or by the passage of time.

Unrestricted: All other categories of net position. Unrestricted net position may be designated by actions of the Corporation.

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

### Note 1 - Summary of Significant Accounting Policies - Continued

#### Tax Status

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

#### Adoption of New Accounting Pronouncements

The Corporation adopted GASB Statement 84, *Fiduciary Activities* and the certain component unit criteria portion of GASB 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans*. The objective of these statements is to establish criteria for identifying and reporting of fiduciary activities.

#### New Governmental Accounting Pronouncements

GASB Statement 87 – *Leases* is effective for periods beginning after June 15, 2021. Implementation of this standard will require lessees to recognize on their statement of net position the rights and obligations resulting from leases categorized as operating leases as assets, liabilities, or deferred inflows / outflows of resources. It provides for an election on leases with terms of less than twelve months to be excluded from this standard.

GASB Statement 91 – *Conduit Debt Obligations* is effective for reporting periods beginning after December 15, 2021. The objective of this statement is to improve the consistency of reporting conduit debt. This statement requires government entities that issue conduit debt, but are not the obligors, not to recognize the liability unless it is more likely than not that the government issuer will service the debt.

Management is in the process of evaluating these standards and has not yet determined its impact on the financial statements.

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

(a Component Unit of the State of Rhode Island)

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### **Note 2 - Prior Period Adjustments**

As discussed in note 1, the Corporation implemented GASB Statement 84 ("GASB 84"), *Fiduciary Activities*. This statement established criteria for identifying fiduciary activities of all state and local governments and introduces a Statement of Changes in Net Position for the renamed fiduciary activity, custodial fiduciary funds. The statement resulted in SBACF, PayGo and Housing Aid programs being classified as fiduciary activities of the Corporation. These programs were previously reported as part of the Corporation's business-type activities. This resulted in restatement on a retrospective basis to the earliest reported period for funds classified as fiduciary funds under the new standard of July 1, 2019. As a result of implementing GASB 84, the restatement resulted in a decrease to the beginning net position of the Corporation by approximately \$20,922,000 for the adoption of a new accounting pronouncement.

The Corporation also posted a prior period adjustment for amounts previously reported as other commitments payable. The restatement resulted in an increase of approximately \$397,000 to the Corporation's beginning net position.

Additionally, certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation; however, there was no change to the net position. The reclassifications include restricted cash, school housing aid revenue and expenses, and interest income.

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 2 - Prior Period Adjustments - Continued

The details of the impact of the restatement on the Corporation are detailed below:

|                                     | As Previously<br>Reported<br>at June 30, 2020 | Restatement | Reclassification | Implementation<br>of<br>GASB 84 | As restated<br>at June 30, 2020 |
|-------------------------------------|---|-------------|------------------|---------------------------------|---------------------------------|
| Statements of Net Position:         |   |             |                  |                                 |                                 |
| Restricted cash and equivalents     | \$ -  | \$ -        | \$ 61,366        | \$ -                            | \$ 61,366                       |
| Funds on deposit with custodian     | 14,607,235                                    | -           | (61,366)         | (14,545,869)                    | -                               |
| SBACF loan receivable               | 1,597,734                                     | -           | -                | (1,597,734)                     | -                               |
| Accounts receivable                 | 93,619  | -           | -                | 32,343                          | 125,962                         |
| Due from primary state government   | 4,212,775                                     | -           | -                | (4,212,775)                     | -                               |
| Accrued interest receivable         | 17,774  | -           | -                | (17,774)                        | -                               |
| Project costs and other             |   |             |                  |                                 | -                               |
| commitments payable                 | (6,437,603)                                   | 397,358     |                  | 6,040,245                       | -                               |
| Restricted net position             | (13,936,549)                                  | (365,015)   | (61,366)         | 14,301,564                      | (61,366)                        |
| Unrestricted net position           | (8,482,470)                                   | (32,343)    | 61,366           | -                               | (8,453,447)                     |
| Statements of Revenue and Expenses: |   |             |                  |                                 |                                 |
| State appropriations                | 26,985,323                                    | -           | 62,896,702       | (26,985,323)                    | 62,896,702                      |
| Interest earned on loans receivable | 35,819  | -           | -                | (35,819)                        | -                               |
| Project cost grants                 | (34,019,194)                                  | -           | (62,896,702)     | 34,019,194                      | (62,896,702)                    |
| Interest earning on funds on        |   |             |                  |                                 |                                 |
| deposit with custodian              | 193,061                                       | -           | 184,754          | (377,815)                       | -                               |
| Other income                        | 260,994                                       | -           | (184,754)        | -                               | 76,240                          |
|                                     |   |             |                  |                                 |                                 |
|                                     | As Previously<br>Reported<br>at June 30, 2019 | Restatement | Reclassification | Implementation<br>of<br>GASB 84 | As restated<br>at June 30, 2019 |
| Restricted net position             | (20,556,786)                                  | (365,015)   | (165,919)        | 20,921,801                      | (165,919)                       |
| Unrestricted net position           | (8,050,703)                                   | (32,343)    | 165,919          | -                               | (7,917,127)                     |

### Note 3 - 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 organization 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 in the accompanying financial statements.

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 3 - Conduit Debt - Continued

At June 30, 2021 and 2020, the bond issues and leases outstanding are as follows:

| <u>Institution</u>                                 | <u>Year<br/>Issued</u> | <u>Maturity<br/>Date</u> | <u>Outstanding<br/>Principal at<br/>6/30/2021</u> | <u>Outstanding<br/>Principal at<br/>6/30/2020</u> |
|--|------------------------|--------------------------|---|---|
| International Institute of RI, Inc.                | 2003                   | 08/01/2033               | \$ 1,300,000                                      | \$ 1,390,000                                      |
| Brown University, Series B                         | 2003                   | 09/01/2043               | 39,080,000  | 39,635,000  |
| Meeting Street Center                              | 2005                   | 06/01/2035               | 4,485,000   | 5,145,000   |
| Brown University, Series A                         | 2005                   | 05/01/2035               | 85,500,000  | 85,500,000  |
| Public Schools Revenue Bonds, Series A             | 2007                   | 05/15/2027               | 210,000   | 245,000   |
| NRI Community Services, Inc.                       | 2007                   | 06/01/2037               | 2,255,000   | 2,355,000   |
| Public Schools Revenue Bonds, Series B             | 2007                   | 05/15/2027               | 570,000   | 645,000   |
| CVS-Highlander Charter School                      | 2007                   | 09/01/2037               | 2,955,000   | 3,075,000   |
| Public Schools Revenue Bonds, Series C             | 2007                   | 05/15/2021               | -   | 455,000   |
| Providence Public Building Authority, Series B     | 2007                   | 05/15/2028               | -   | 1,400,000   |
| Public Schools Revenue Bonds, Series D             | 2007                   | 11/15/2027               | 2,150,000   | 2,410,000   |
| The Learning Community Charter School              | 2007                   | 02/01/2038               | 2,877,000   | 2,990,000   |
| Rhode Island School of Design, Series A & B        | 2008                   | 08/15/2036               | 71,670,000  | 73,610,000  |
| Bryant University                                  | 2008                   | 06/01/2035               | 42,375,000  | 44,290,000  |
| Roger Williams University, Series A                | 2008                   | 11/15/2024               | 6,700,000   | 8,230,000   |
| New England Institute of Technology                | 2008                   | 03/01/2034               | 6,970,000   | 7,880,000   |
| Public Schools Revenue Bonds, Series B             | 2008                   | 05/15/2029               | 210,000   | 280,000   |
| Roger Williams University, Series B                | 2008                   | 11/15/2038               | 29,130,000  | 30,190,000  |
| Board of Governors, Series B                       | 2008                   | 09/15/2034               | 3,830,000   | 3,830,000   |
| Public Schools Revenue Bonds, Series A             | 2009                   | 05/15/2024               | -   | 1,700,000   |
| Public Schools Revenue Bonds, Series B             | 2009                   | 05/15/2021               | -   | 75,000  |
| Board of Governors, Series B                       | 2009                   | 09/15/2029               | 12,130,000  | 12,830,000  |
| Providence Public Building Authority, Series A     | 2009                   | 06/15/2025               | 6,040,000   | 7,520,000   |
| Board of Governors, Series A                       | 2010                   | 09/15/2040               | 18,785,000  | 19,380,000  |
| Public Schools Revenue Bonds, Series A             | 2010                   | 05/15/2027               | 12,575,000  | 12,575,000  |
| Thundermist Health Center, Series A                | 2010                   | 08/01/2020               | 1,895,208   | 2,101,958   |
| Public Schools Revenue Bonds, Series C             | 2010                   | 05/15/2026               | 1,750,000   | 2,025,000   |
| Public Schools Revenue Bonds, Series D             | 2010                   | 05/15/2025               | 1,387,000   | 1,697,000   |
| Public Schools Revenue Bonds, Series E             | 2010                   | 05/15/2025               | 2,733,000   | 3,342,000   |
| 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 - Continued

**June 30, 2021 and 2020**

### Note 3 - Conduit Debt - Continued

| <u>Institution</u>                                      | <u>Year<br/>Issued</u> | <u>Maturity<br/>Date</u> | <u>Outstanding<br/>Principal at<br/>6/30/2021</u> | <u>Outstanding<br/>Principal at<br/>6/30/2020</u> |
|---|------------------------|--------------------------|---|---|
| J. Arthur Trudeau Memorial Center                       | 2010                   | 12/01/2040               | \$ -  | \$ 1,800,000                                      |
| The Providence Community Health Centers, Inc., Series A | 2010                   | 06/01/2037               | 8,576,685   | 8,982,668   |
| Public Schools Revenue Bonds, Series A                  | 2011                   | 05/15/2031               | -   | 3,535,000   |
| Roger Williams University                               | 2011                   | 11/15/2024               | 10,008,854  | 11,285,000  |
| The Compass School, Series A & C                        | 2011                   | 06/28/2027               | 870,001   | 1,015,001   |
| Public Schools Revenue Bonds, Series C                  | 2011                   | 05/15/2031               | -   | 8,470,000   |
| Blackstone Valley Community Health Care, Inc., Series A | 2011                   | 01/01/2022               | 5,255,991   | 5,412,870   |
| Brown University, Series A                              | 2011                   | 09/01/2032               | 33,780,000  | 36,455,000  |
| Steere House  | 2011                   | 09/01/2036               | 3,923,000   | 4,115,000   |
| Roger Williams University, Series B                     | 2011                   | 12/15/2029               | 6,915,000   | 7,520,000   |
| Salve Regina University                                 | 2011                   | 06/15/2031               | 13,555,000  | 14,795,000  |
| Providence College                                      | 2012                   | 11/01/2041               | 31,475,000  | 32,425,000  |
| Public Schools Revenue Bonds, Series A                  | 2012                   | 05/15/2037               | -   | 27,935,000  |
| Immaculate Conception Catholic Regional School          | 2012                   | 03/16/2032               | 3,493,750   | 3,818,750   |
| Rhode Island School of Design                           | 2012                   | 06/01/2031               | 2,410,000   | 22,760,000  |
| Rocky Hill School                                       | 2012                   | 04/26/2022               | -   | 2,452,428   |
| Seven Hills Rhode Island, Inc., Series A                | 2012                   | 05/31/2042               | 824,635   | 902,135   |
| Rhode Island Blood Center                               | 2012                   | 09/29/2028               | 7,137,120   | 7,358,871   |
| Brown University  | 2012                   | 09/01/2022               | 118,240,000                                       | 118,240,000                                       |
| Rhode Island School of Design, Series B                 | 2012                   | 08/15/2035               | 9,005,000   | 40,255,000  |
| Public Schools Revenue Bonds, Series B                  | 2012                   | 05/15/2032               | 9,760,000   | 10,475,000  |
| The Kent Center, Inc.                                   | 2012                   | 10/12/2022               | -   | 3,907,637   |
| Providence College, Series B & C                        | 2012                   | 11/01/2024               | 17,330,000  | 21,160,000  |
| Scandinavian Home                                       | 2013                   | 04/01/2040               | 3,387,678   | 3,509,267   |
| Public Schools Revenue Bonds, Series A                  | 2013                   | 05/15/2033               | -   | 4,955,000   |
| Public Schools Revenue Bonds, Series B                  | 2013                   | 05/15/2033               | 6,100,000   | 6,935,000   |
| Board of Education, Series A - D                        | 2013                   | 09/15/2024               | 17,485,000  | 22,250,000  |
| Public Schools Revenue Bonds, Series C & D              | 2013                   | 05/15/2033               | 2,575,000   | 21,445,000  |
| Seven Hills Rhode Island, Inc.                          | 2013                   | 06/21/2043               | 983,831   | 1,268,831   |
| Saint Elizabeth Manor, East Bay                         | 2013                   | 07/31/2043               | -   | 6,910,628   |
| Public Schools Revenue Bonds, Series E                  | 2013                   | 05/15/2028               | 355,000   | 410,000   |



# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 3 - Conduit Debt - Continued

| <u>Institution</u>                             | <u>Year<br/>Issued</u> | <u>Maturity<br/>Date</u> | <u>Outstanding<br/>Principal at<br/>6/30/2021</u> | <u>Outstanding<br/>Principal at<br/>6/30/2020</u> |
|--|------------------------|--------------------------|---|---|
| The Wheeler School, Series B                   | 2013                   | 09/18/2028               | \$ -  | \$ 123,853  |
| Providence Public Building Authority, Series A | 2013                   | 05/15/2024               | 12,770,000  | 17,010,000  |
| Brown University                               | 2013                   | 09/01/2043               | 120,945,000                                       | 124,085,000                                       |
| Public Schools Revenue Bonds, Series H         | 2013                   | 05/15/2034               | 8,380,000   | 8,860,000   |
| Public Schools Revenue Bonds, Series I         | 2013                   | 11/15/2021               | 245,000   | 490,000   |
| Public Schools Revenue Bonds, Series J         | 2013                   | 05/15/2020               | 250,000   | 500,000   |
| Public Schools Revenue Bonds, Series I         | 2013                   | 11/15/2023               | 3,355,000   | 4,370,000   |
| Bryant University                              | 2014                   | 06/01/2044               | 41,100,000  | 42,075,000  |
| Public Schools Revenue Bonds, Series A         | 2014                   | 05/15/2034               | 3,810,000   | 4,745,000   |
| Public Schools Revenue Bonds, Series B         | 2014                   | 05/15/2034               | 2,400,000   | 2,545,000   |
| St. George's School, Series A - C              | 2014                   | 09/01/2044               | 36,490,039  | 37,557,079  |
| Times <sup>2</sup> Academy, Inc.               | 2014                   | 10/01/2026               | 4,229,253   | 5,118,599   |
| Roger Williams University                      | 2014                   | 10/15/2035               | 11,912,645  | 12,544,722  |
| The Pennfield School, Series A & B             | 2014                   | 11/01/2039               | -   | 3,602,140   |
| Newport Hospital                               | 2014                   | 07/01/2029               | 13,129,000  | 14,391,000  |
| Public Schools Revenue Bonds, Series C         | 2014                   | 05/15/2034               | 5,830,000   | 6,180,000   |
| Public Schools Revenue Bonds, Series A         | 2015                   | 11/15/2020               | -   | 1,130,000   |
| Child and Family Services of Newport County    | 2015                   | 04/30/2043               | 6,421,679   | 6,719,448   |
| Salve Regina University, Series A - C          | 2015                   | 05/01/2045               | 23,138,329  | 23,926,563  |
| Providence Public Building Authority, Series A | 2015                   | 05/15/2028               | 96,235,000  | 108,455,000                                       |
| Mercymount Country Day School                  | 2015                   | 05/01/2035               | 2,789,587   | 2,834,496   |
| Providence College                             | 2015                   | 11/01/2045               | 36,350,000  | 38,400,000  |
| South County Hospital Healthcare System        | 2015                   | 09/15/2033               | 32,595,000  | 34,945,000  |
| New England Institute of Technology            | 2015                   | 09/01/2045               | 52,493,902  | 54,228,017  |
| Public Schools Revenue Bonds, Series B         | 2015                   | 05/15/2036               | 3,700,000   | 3,880,000   |
| Saint Philomena School                         | 2015                   | 04/01/2035               | 1,428,900   | 1,513,617   |
| Johnson & Wales University                     | 2015                   | 10/01/2030               | 20,104,773  | 21,881,806  |
| Tamarisk, Inc.                                 | 2015                   | 10/01/2040               | 7,837,418   | 8,126,404   |
| Brown University                               | 2015                   | 09/01/2045               | 39,010,000  | 40,315,000  |
| Bishop Hendricken High School, Series A & B    | 2015                   | 04/01/2035               | 4,035,267   | 4,266,475   |
| Providence Public Building Authority, Series B | 2015                   | 05/15/2035               | 7,985,000   | 8,430,000   |

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 3 - Conduit Debt - Continued

| <u>Institution</u>                               | <u>Year<br/>Issued</u> | <u>Maturity<br/>Date</u> | <u>Outstanding<br/>Principal at<br/>6/30/2021</u> | <u>Outstanding<br/>Principal at<br/>6/30/2020</u> |
|--|------------------------|--------------------------|---|---|
| Saint Elizabeth Home, East Greenwich             | 2015                   | 12/01/2045               | \$ 12,226,290                                     | \$ 12,515,019                                     |
| Public Schools Revenue Bonds, Series C - E       | 2015                   | 05/15/2036               | 14,545,000  | 16,580,000  |
| Moses Brown School, Series A & B                 | 2016                   | 06/01/2046               | 18,671,409  | 19,212,530  |
| Public Schools Revenue Bonds, Series A           | 2016                   | 05/15/2029               | 62,115,000  | 69,650,000  |
| Lifespan Obligated Group                         | 2016                   | 05/15/2039               | 197,880,000                                       | 212,085,000                                       |
| Public Schools Revenue Bonds, Series B & C       | 2016                   | 05/15/2036               | 5,490,000   | 5,965,000   |
| Care New England, Series B                       | 2016                   | 09/01/2036               | 125,750,000                                       | 131,110,000                                       |
| The Frassati Residence                           | 2016                   | 11/01/2029               | 4,466,747   | 4,905,627   |
| Council on Postsecondary Education, Series A - C | 2016                   | 09/15/2036               | 77,765,000  | 81,270,000  |
| Roger Williams University, Series A & B          | 2016                   | 11/15/2031               | 5,573,980   | 6,023,920   |
| New England Institute of Technology              | 2017                   | 03/01/2040               | 31,626,374  | 32,876,403  |
| Public Schools Revenue Bonds, Series A           | 2017                   | 05/15/2034               | 52,255,000  | 55,105,000  |
| Providence College                               | 2017                   | 11/01/2047               | 46,415,000  | 46,415,000  |
| Public Schools Revenue Bonds, Series B           | 2017                   | 05/15/2027               | 11,955,000  | 13,185,000  |
| Public Schools Revenue Bonds, Series C           | 2017                   | 05/15/2027               | 57,710,000  | 62,110,000  |
| Public Schools Revenue Bonds, Series D           | 2017                   | 05/15/2037               | 8,240,000   | 8,630,000   |
| Public Schools Revenue Bonds, Series E           | 2017                   | 05/15/2037               | 19,645,000  | 20,875,000  |
| Public Schools Revenue Bonds, Series F           | 2017                   | 05/15/2038               | 17,365,000  | 18,385,000  |
| Brown University, Series A                       | 2017                   | 09/01/2047               | 141,125,000                                       | 141,125,000                                       |
| Public Schools Revenue Bonds, Series G           | 2017                   | 05/15/2042               | 31,275,000  | 32,155,000  |
| Public Schools Revenue Bonds, Series H           | 2017                   | 05/15/2038               | 4,505,000   | 4,675,000   |
| Council on Postsecondary Education, Series A - D | 2017                   | 09/15/2047               | 122,435,000                                       | 123,165,000                                       |
| Public Schools Revenue Bonds, Series I & J       | 2017                   | 05/15/2032               | 13,505,000  | 14,280,000  |
| Meeting Street, Series A                         | 2017                   | 12/01/2047               | 14,830,209  | 15,000,000  |
| Public Schools Revenue Bonds, Series A           | 2018                   | 05/15/2038               | 4,245,000   | 4,415,000   |
| Public Schools Revenue Bonds, Series B           | 2018                   | 05/15/2038               | 17,350,000  | 18,030,000  |
| Rhode Island School of Design                    | 2018                   | 08/15/2048               | 54,950,000  | 54,950,000  |
| Ocean State Assisted Living                      | 2018                   | 11/01/2031               | 7,701,000   | 8,181,000   |
| Roger Williams University                        | 2018                   | 11/15/2039               | 8,462,465   | 8,666,170   |
| St. Andrew's School, Series A & B                | 2018                   | 07/01/2048               | 15,909,867  | 16,205,033  |
| Council on Postsecondary Education, Series A & B | 2018                   | 09/15/2038               | 18,540,000  | 19,185,000  |

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 3 - Conduit Debt - Continued

| <u>Institution</u>                                 | <u>Year<br/>Issued</u> | <u>Maturity<br/>Date</u> | <u>Outstanding<br/>Principal at<br/>6/30/2021</u> | <u>Outstanding<br/>Principal at<br/>6/30/2020</u> |
|--|------------------------|--------------------------|---|---|
| South County Hospital Healthcare System            | 2018                   | 12/01/2028               | \$ 9,468,750                                      | \$ 1,542,651                                      |
| Meeting Street                                     | 2018                   | 12/01/2047               | 4,929,558   | 5,000,000   |
| Achievement First Rhode Island, Inc. ,Series A & B | 2019                   | 02/01/2045               | 9,137,637   | 9,298,090   |
| Public Schools Revenue Bonds, Series A             | 2019                   | 05/15/2042               | 39,905,000  | 41,030,000  |
| Blackstone Valley Prep                             | 2019                   | 05/01/2049               | 15,433,910  | 15,716,501  |
| Saint Raphael Academy                              | 2019                   | 05/01/2049               | 3,010,938   | 3,065,287   |
| Mount Saint Charles Academy                        | 2019                   | 05/01/2040               | 3,570,627   | 3,690,494   |
| Trinity Academy for the Performing Arts            | 2019                   | 06/01/2050               | 6,401,134   | 6,500,000   |
| Public Schools Revenue Bonds, Series B             | 2019                   | 05/15/2039               | 17,350,000  | 17,975,000  |
| Providence Public Building Authority, Series A     | 2019                   | 05/15/2039               | 18,630,000  | 19,275,000  |
| Brown University, Series A                         | 2019                   | 09/01/2029               | 54,560,000  | 54,560,000  |
| Kingston Hill Academy                              | 2019                   | 08/01/2051               | 6,200,000   | 4,631,336   |
| Public Schools Revenue Bonds, Series C             | 2019                   | 05/15/2041               | 5,070,000   | 5,070,000   |
| Public Schools Revenue Bonds, Series D             | 2019                   | 05/15/2039               | 5,445,000   | 5,445,000   |
| The Compass School                                 | 2019                   | 10/01/2049               | 3,828,400   | 3,850,000   |
| HopeHealth Hospice & Palliative Care               | 2019                   | 11/01/2049               | 10,638,257  | 10,868,253  |
| Roger Williams University                          | 2019                   | 11/15/2028               | 12,193,087  | 13,665,020  |
| Bryant University                                  | 2019                   | 12/06/2031               | 15,356,380  | 16,658,851  |
| Public Schools Revenue Bonds, Series A             | 2020                   | 05/15/2040               | 3,680,000   | 3,875,000   |
| Portsmouth Abbey School, Series A - D              | 2020                   | 06/01/2050               | 14,779,736  | 15,541,000  |
| Public Schools Revenue Bonds, Series B             | 2020                   | 05/15/2040               | 57,450,000  | 57,450,000  |
| Public Schools Revenue Bonds, Series C             | 2020                   | 05/15/2040               | 6,400,000   | -   |
| Public Schools Revenue Bonds, Series D             | 2020                   | 05/15/2037               | 28,545,000  | -   |
| Rhode Island School of Design                      | 2020                   | 08/15/2035               | 52,905,000  | -   |
| Blackstone Valley Prep, Series A&B                 | 2021                   | 03/01/2051               | 15,880,519  | -   |
| Public Schools Revenue Bonds, Series A&B           | 2021                   | 05/15/2042               | 12,840,000  | -   |
| Public Schools Revenue Bonds, Series C             | 2021                   | 05/15/2033               | 17,920,000  | -   |
| Public Schools Revenue Bonds, Series D             | 2021                   | 05/15/2041               | 100,690,000                                       | -   |
| Providence College, Series A                       | 2021                   | 11/01/2050               | 19,585,000  | -   |
| Public Schools Revenue Bonds, Series F             | 2021                   | 05/15/2041               | 124,470,000                                       | -   |
| Public Schools Revenue Bonds, Series E             | 2021                   | 05/15/2031               | 11,205,000  | -   |
|  |                        |                          | <u>\$ 3,250,031,819</u>                           | <u>\$ 3,120,492,448</u>                           |

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

(a Component Unit of the State of Rhode Island)

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### **Note 4 - Cash and 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, 2021 pursuant to this statutory provision.

At June 30, 2021 and 2020, the carrying amounts of the Corporation's cash and equivalents were approximately \$8,085,000 and \$7,947,000, respectively, and bank balances were approximately \$8,100,000 and \$7,894,000, respectively. The Corporation does not have a policy for custodial credit risk associated with deposits. 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.

Of the Corporation's cash and equivalents totaling \$8,085,000 and \$7,947,000, respectively, approximately \$503,000 and \$7,630,000 at June 30, 2021 and 2020, 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 investment at amortized cost which approximates fair value.

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 4 - Cash and Equivalents – Continued

In addition to federal depository insurance (“FDIC”), the Corporation deposits funds with a banking institution that obtained specific depository insurance to mitigate the Corporation’s credit risk associated with funds deposited in excess of federally insured levels. Of the bank balances at June 30, 2021 and 2020, approximately \$7,504,000 and \$250,000 was covered by federal depository insurance and other specific deposit insurance. The remaining amount of approximately \$597,000 and \$7,644,000 was uninsured and uncollateralized at June 30, 2021 and 2020, respectively.

#### Fiduciary Activities

At June 30, 2021 and 2020, the carrying amounts and bank balances of the fiduciary funds’ cash and equivalents were approximately \$33,797,000 and \$14,546,000, respectively. The Corporation does not have a policy for custodial credit risk associated with deposits of fiduciary activities. Of the bank balances at June 30, 2021 and 2020, \$0 and \$250,000, respectively, were covered by federal depository insurance.

Cash and equivalents of the fiduciary activities at June 30, are as follows:

| 2021  |                         |   |                      |
|---|-------------------------|---|----------------------|
| Money market mutual funds                               | <u>Maturity in Days</u> | <u>Credit Ratings</u>                     | <u>Fair Value</u>    |
| First American US Treasury Money Market Class V (#3702) | 48                      | Aaa-mf                                    | <u>\$ 33,797,144</u> |
| 2020  |                         |   |                      |
| Cash deposits   | <u>FDIC Insured</u>     | <u>Uninsured and<br/>Uncollateralized</u> | <u>Total</u>         |
| Bank deposits - US Bank                                 | \$ 250,000              | \$ 6,204,403                              | <u>\$ 6,454,403</u>  |
| Money market mutual funds                               | <u>Maturity in Days</u> | <u>Credit Ratings</u>                     | <u>Fair Value</u>    |
| 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            |
|   |                         |   | <u>8,091,466</u>     |
|   |                         |   | <u>\$ 14,545,869</u> |

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 5 - Loans Receivable

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

|   | <u>2021</u>       | <u>2020</u>       |
|---|-------------------|-------------------|
| In November 2005, the Corporation entered into a loan agreement with Aldersbridge Communities (f/k/a United Methodist Health 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.             | \$ 552,575        | \$ 595,595        |
| 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 payment of \$6,357, inclusive of interest at 1% per annum, until maturity in April 2023. The loan was paid in full during 2021. | <u>-</u>          | <u>74,521</u>     |
| Total Loans Receivable  | 552,575           | 670,116           |
| Less: Current Portion   | <u>44,123</u>     | <u>55,487</u>     |
| Non-Current Loans Receivable  | <u>\$ 508,452</u> | <u>\$ 614,629</u> |

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 6 - School Building Authority Capital Fund Loans Receivable – Fiduciary Fund

As discussed in Note 1, the Corporation is administrator of the School Building Authority Capital Fund as a custodial fiduciary fund which provides loans as a portion of the project costs, which are used for 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 the Rhode Island Department of Education's ("RIDE") education funding formula. The remaining project costs (state share) are provided to the LEA as a grant.

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

|  | <u>2021</u>       | <u>2020</u>         |
|--|-------------------|---------------------|
| 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           |
| 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.   | 1,098,322         | 1,281,376           |
| 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.   | <u>239,189</u>    | <u>273,358</u>      |
| Total SBACF Loans Receivable   | 1,337,511         | 1,597,734           |
| Less: Current Portion  | <u>434,448</u>    | <u>477,447</u>      |
| Non-Current SBACF Loans Receivable   | <u>\$ 903,063</u> | <u>\$ 1,120,287</u> |

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2021 is as follows:

|                                | Estimated<br>Lives<br>(in years) | Beginning<br>Balance | Additions       | Retirements       | Ending<br>Balance |
|--------------------------------|----------------------------------|----------------------|-----------------|-------------------|-------------------|
| Capital Assets:                |                                  |                      |                 |                   |                   |
| Office Equipment               | 5                                | \$ 14,854            | \$ -            | \$ -              | \$ 14,854         |
| Computer Equipment             | 5                                | 36,747               | 12,362          | (7,380)           | 41,729            |
| Furniture and Fixtures         | 5-10                             | <u>105,618</u>       | <u>-</u>        | <u>(22,547)</u>   | <u>83,071</u>     |
| Total Capital Assets           |                                  | <u>157,219</u>       | <u>12,362</u>   | <u>(29,927)</u>   | <u>139,654</u>    |
| Less: Accumulated Depreciation |                                  |                      |                 |                   |                   |
| Office Equipment               |                                  | 13,369               | 1,485           | -                 | 14,854            |
| Computer Equipment             |                                  | 16,880               | 6,542           | (5,166)           | 18,256            |
| Furniture and Fixtures         |                                  | <u>101,727</u>       | <u>410</u>      | <u>(22,547)</u>   | <u>79,590</u>     |
| Total Accumulated Depreciation |                                  | <u>131,976</u>       | <u>8,437</u>    | <u>(27,713)</u>   | <u>112,700</u>    |
| Capital Assets, Net            |                                  | <u>\$ 25,243</u>     | <u>\$ 3,925</u> | <u>\$ (2,214)</u> | <u>\$ 26,954</u>  |



# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 7 - Capital Assets - Continued

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

|                                | Estimated<br>Lives<br>(in years) | Beginning<br>Balance | Additions    | Retirements     | Ending<br>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         | 5-10                             | <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>  |

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

### Note 8 - 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, 2021 and 2020, remaining commitments on existing Subsidies expiring through 2024 aggregate approximately \$24,300 and \$35,100, respectively.

#### Lease Commitment

During April 2021, the Corporation entered into a five-year operating lease agreement for office space expiring May 2026. The agreement stipulates annual increases based on the greater of 3% or the Consumer Price Index. Rental expense for the fiscal years ended June 30, 2021 and 2020 was \$101,390 and \$98,810, respectively. Future minimum lease payments based on 3% annual increases are as follows:

| Years Ending<br><u>June 30,</u> |                   |
|---------------------------------|-------------------|
| 2022                            | \$ 100,250        |
| 2023                            | 103,257           |
| 2024                            | 106,355           |
| 2025                            | 109,546           |
| 2026                            | <u>103,172</u>    |
|                                 | <u>\$ 522,580</u> |

#### School Housing Aid – Custodial Fiduciary Fund

Pursuant to Rhode Island General Law 45-38.2-2, the Corporation transfers interest earned from the housing aid account to the School Building Authority Capital Fund.

#### School Building Authority Capital Fund – Custodial Fiduciary Fund

Grants awarded in fiscal year 2021 and cumulative unspent balances available for draw as of June 30, 2021, are as follows:

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 8 - Commitments and Contingencies - Continued

#### *School Building Authority Capital Fund – Custodial Fiduciary Fund - Continued*

|                       | Awarded in Fiscal 2021 |                     |                             | Cumulative Balances Available |                     |                             |
|-----------------------|------------------------|---------------------|-----------------------------|-------------------------------|---------------------|-----------------------------|
|                       | <u>Total</u>           | <u>COVID</u>        | <u>Technical Assistance</u> | <u>Total</u>                  | <u>COVID</u>        | <u>Technical Assistance</u> |
| Achievement First     | \$ -                   | \$ -                | \$ -                        | \$ 50,000                     | \$ -                | \$ 50,000                   |
| Barrington            | 14,046                 | 14,046              | -                           | 150,000                       | -                   | 150,000                     |
| Blackstone Academy    | 10,000                 | 10,000              | -                           | 10,000                        | 10,000              | -                           |
| Bristol-Warren        | 56,868                 | 56,868              | -                           | 206,868                       | 56,868              | 150,000                     |
| Burrilville           | 28,092                 | 28,092              | -                           | 28,092                        | 28,092              | -                           |
| Central Falls         | 217,881                | 217,881             | -                           | 217,881                       | 217,881             | -                           |
| Chariho               | 16,273                 | 16,273              | -                           | 16,273                        | 16,273              | -                           |
| Compass School        | 10,000                 | 10,000              | -                           | -                             | -                   | -                           |
| Coventry              | 62,007                 | 62,007              | -                           | 62,007                        | 62,007              | -                           |
| Cranston              | 275,606                | 275,606             | -                           | 251,881                       | 251,881             | -                           |
| Cumberland            | 87,529                 | 87,529              | -                           | -                             | -                   | -                           |
| East Greenwich        | 24,837                 | 24,837              | -                           | 72,435                        | -                   | 72,435                      |
| East Providence       | 156,388                | 156,388             | -                           | 256,388                       | 156,388             | 100,000                     |
| Exeter-West Greenwich | 14,388                 | 14,388              | -                           | 160                           | 160                 | -                           |
| Foster                | 10,000                 | 10,000              | -                           | 10,000                        | 10,000              | -                           |
| Foster-Glocester      | 17,129                 | 17,129              | -                           | 17,129                        | 17,129              | -                           |
| Glocester             | 11,648                 | 11,648              | -                           | 11,648                        | 11,648              | -                           |
| Greene School         | 10,000                 | 10,000              | -                           | 10,000                        | 10,000              | -                           |
| Jamestown             | 10,000                 | 10,000              | -                           | -                             | -                   | -                           |
| Johnston              | 114,764                | 114,764             | -                           | 114,764                       | 114,764             | -                           |
| Kingston Hill Academy | 10,000                 | 10,000              | -                           | -                             | -                   | -                           |
| Learning Community    | 10,000                 | 10,000              | -                           | 10,000                        | 10,000              | -                           |
| Lincoln               | 64,234                 | 64,234              | -                           | -                             | -                   | -                           |
| Little Compton        | 10,000                 | 10,000              | -                           | 60,000                        | 10,000              | 50,000                      |
| Middletown            | 15,245                 | 15,245              | -                           | 115,245                       | 15,245              | 100,000                     |
| Narragansett          | 25,865                 | 25,865              | -                           | -                             | -                   | -                           |
| New Shoreham          | 10,000                 | 10,000              | -                           | 10,000                        | 10,000              | -                           |
| Newport               | 31,004                 | 31,004              | -                           | -                             | -                   | -                           |
| North Kingston        | 53,956                 | 53,956              | -                           | 150,000                       | -                   | 150,000                     |
| North Providence      | 176,258                | 176,258             | -                           | 276,258                       | 176,258             | 100,000                     |
| North Smithfield      | 29,462                 | 29,462              | -                           | 218                           | 218                 | -                           |
| Paul Cuffee           | -                      | -                   | -                           | 25,594                        | -                   | 25,594                      |
| Pawtucket             | 415,207                | 415,207             | -                           | 415,207                       | 415,207             | -                           |
| Portsmouth            | 14,046                 | 14,046              | -                           | -                             | -                   | -                           |
| Providence            | 1,429,245              | 1,429,245           | -                           | 1,429,245                     | 1,429,245           | -                           |
| RI Nurses Institute   | -                      | -                   | -                           | 50,000                        | -                   | 50,000                      |
| RISE Prep             | 10,000                 | 10,000              | -                           | 60,000                        | 10,000              | 50,000                      |
| Scituate              | 12,847                 | 12,847              | -                           | -                             | -                   | -                           |
| Smithfield            | 67,488                 | 67,488              | -                           | 67,488                        | 67,488              | -                           |
| South Kingston        | 23,809                 | 23,809              | -                           | 23,809                        | 23,809              | -                           |
| TAPA                  | 10,000                 | 10,000              | -                           | 10,000                        | 10,000              | -                           |
| Tiverton              | 22,782                 | 22,782              | -                           | -                             | -                   | -                           |
| Warwick               | 167,350                | 167,350             | -                           | 151,627                       | 151,627             | -                           |
| West Warwick          | 73,141                 | 73,141              | -                           | 223,141                       | 73,141              | 150,000                     |
| Westerly              | 20,726                 | 20,726              | -                           | 20,726                        | 20,726              | -                           |
| Woonsocket            | 149,879                | 149,879             | -                           | 299,879                       | 149,879             | 150,000                     |
|                       | <u>\$ 4,000,000</u>    | <u>\$ 4,000,000</u> | <u>\$ -</u>                 | <u>\$ 4,883,963</u>           | <u>\$ 3,535,934</u> | <u>\$ 1,348,029</u>         |

# RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

## Notes to the Financial Statements - Continued

**June 30, 2021 and 2020**

### Note 8 - Commitments and Contingencies - Continued

*School Building Authority Capital Fund – Custodial Fiduciary Fund - Continued*

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

|                       | <u>Awarded in Fiscal 2020</u> |               |                             | <u>Cumulative Balances Available</u> |                     |                             |
|-----------------------|-------------------------------|---------------|-----------------------------|--------------------------------------|---------------------|-----------------------------|
|                       | <u>Total</u>                  | <u>Grants</u> | <u>Technical Assistance</u> | <u>Total</u>                         | <u>Grants</u>       | <u>Technical Assistance</u> |
| 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           | -                           |
| Charlho               | 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 Kingston        | -                             | -             | -                           | 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**

(a Component Unit of the State of Rhode Island)

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### **Note 8 - 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. The State provided funding to PayGo only as needed to meet current disbursement requirements.

During fiscal 2021 the SBA awarded \$13,079,644 of PayGo funds to 6 of the State's LEAs. For fiscal year 2021, PayGo reported transfers from the state of \$35,919,904 and related project cost expenses of \$18,165,953. This amount reflected LEA project costs incurred during fiscal 2021, as approved and reported by the SBA.

During fiscal 2020 the SBA awarded \$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 project funds resulting from cancellation of authorized projects.

### **Note 9 - 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, 2021 and 2020 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 and \$1,000,000 of net position, respectively, for self-insurance at June 30, 2021 and 2020.

#### *Operating Reserves*

This designation was established to provide for expenditures incurred as a result of operating contingencies. The Board designated \$2,000,000 and \$2,000,000 of net position, respectively, for operating reserves at June 30, 2021 and 2020.

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

(a Component Unit of the State of Rhode Island)

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### **Note 9 - 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 \$1,500,000 of net position, respectively, for financial assistance at June 30, 2021 and 2020.

#### *School Building Authority*

As disclosed in Note 12, in accordance with Article 9 of the fiscal 2019 Appropriation 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, 2021 and 2020, the remaining portion of this designation was approximately \$1,867,000 and \$2,231,000, respectively.

#### *Grants Payable*

During fiscal 2021, the Corporation's Board of Directors authorized the funding of grants to certain not-for-profit entities. The Board originally designated \$1,000,000 for this purpose. The entire designation was awarded but approximately \$460,000 remains outstanding due to grantees not meeting eligibility requirements for nonexchange transactions as set forth in GASB 33 *Accounting and Financial Reporting for Nonexchange Transactions*.

### **Note 10 - Other Income**

Other income for the years ended June 30, 2021 and 2020 consists of unexpended funds for bond issue administrative expenses due to the refunding of conduit debt bonds.

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

(a Component Unit of the State of Rhode Island)

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### **Note 11 - 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 defined contribution plan is not a fiduciary activity since the Corporation does not hold the assets nor has the ability to direct the use, exchange or deployment of the assets. The Corporation's contributions to the Plan totaled \$42,968 and \$44,210, respectfully, for the fiscal years ended June 30, 2021 and 2020, respectively.

### **Note 12 - Contributions to State**

In accordance with Rhode Island General Law Section 16-105-7, the Corporation was required to contribute \$677,945 and \$770,945 to the State of Rhode Island during the years ended June 30, 2021 and 2020, respectfully, for limited personnel costs of the School Building Authority.

## **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, 2021**

**National Association of Health & Educational Facilities Finance Authorities  
September 16 - 18, 2020**

| Attendee        | Payee   | Purpose      | Date<br>Paid | Amount<br>Paid |
|-----------------|---------|--------------|--------------|----------------|
| Scott O'Malley  | NAHEFFA | Registration | 10/6/2020    | \$ 225.00      |
| Kim Mooers      | NAHEFFA | Registration | 10/6/2020    | 225.00         |
| Jenn Almeida    | NAHEFFA | Registration | 10/6/2020    | 225.00         |
| Brooke McDonald | NAHEFFA | Registration | 10/6/2020    | 225.00         |
|                 |         |              |              | <u>900.00</u>  |

**National Association of Health & Educational Facilities Finance Authorities  
April 18 - 20, 2021**

| Attendee   | Payee      | Purpose      | Date<br>Paid | Amount<br>Paid |
|------------|------------|--------------|--------------|----------------|
| Kim Mooers | Kim Mooers | Registration | 03/25/2021   | 225.00         |
|            |            |              |              | <u>225.00</u>  |

**Miscellaneous - July 1, 2020 - June 30, 2021**

|  | Payee           | Purpose     | Date<br>Paid | Amount<br>Paid            |
|--|-----------------|-------------|--------------|---------------------------|
|  | Brooke McDonald | Staff event | 03/10/2021   | 85.55                     |
|  |                 | Total       |              | <u>85.55</u>              |
|  |                 | Total       |              | <u><b>\$ 1,210.55</b></u> |

*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, 2021**

**Statement of Net Position**

**Attachment B**

**Assets:**

Current Assets:

|                      |                  |
|----------------------|------------------|
| Cash and equivalents | \$ 7,835,840     |
| Receivables          | 222,523          |
| Restricted assets:   |                  |
| Cash and equivalents | 250,085          |
| Other assets         | <u>66,496</u>    |
| Total Current Assets | <u>8,374,944</u> |

Noncurrent Assets:

|                                    |                  |
|------------------------------------|------------------|
| Investments                        |                  |
| Receivables (net)                  | 508,452          |
| Capital assets - depreciable (net) | <u>26,954</u>    |
| Total Noncurrent Assets            | <u>535,406</u>   |
| Total Assets                       | <u>8,910,350</u> |

**Liabilities:**

Current Liabilities:

|                           |                |
|---------------------------|----------------|
| Due to primary government | 168,289        |
| Accrued expenses          | <u>56,248</u>  |
| Total Current Liabilities | <u>224,537</u> |

**Net Position:**

|                                |                            |
|--------------------------------|----------------------------|
| Net invested in capital assets | 26,954                     |
| Restricted for:                |                            |
| Other                          | 250,085                    |
| Unrestricted                   | <u>8,408,774</u>           |
| <b>Total Net Position</b>      | <b><u>\$ 8,685,813</u></b> |

*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, 2021**

| <b><u>Statement of Activities</u></b> | <b><u>Attachment C</u></b> |
|---------------------------------------|----------------------------|
| <b>Expenses</b>                       | <b>\$ <u>1,754,152</u></b> |
| <b>Program Revenues:</b>              |                            |
| Charges for services                  | <u>2,558,067</u>           |
| <b>Net (Expenses) Revenues</b>        | <b>803,915</b>             |
| <b>General Revenues:</b>              |                            |
| Interest and investment earnings      | 6,606                      |
| Miscellaneous revenue                 | <u>13,181</u>              |
| <b>Total General Revenue</b>          | <u>19,787</u>              |
| Payments to Primary Government        | (677,945)                  |
| Change in Net Position                | <u>145,757</u>             |
| Total Net Position, Beginning of Year | <u>8,540,056</u>           |
| Total Net Position, End of Year       | <u><u>\$ 8,685,813</u></u> |

*See independent auditors' report on supplementary information.*

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



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

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

We have audited, 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, the financial statements of Rhode Island Health and Educational Building Corporation (the "Corporation") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 29, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing 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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 financial statements. 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.

A handwritten signature in cursive script that reads "O'Connor + Drew, P.C.".

**Certified Public Accountants  
Braintree, Massachusetts**

September 29, 2021