

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal years ended June 30, 2021, and 2020



RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

**RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING
CORPORATION**

(A Component Unit of the State of Rhode Island)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal years ended June 30, 2021, and 2020

Kimberly W. Mooers
Executive Director
33 Broad Street, Suite 200
Providence RI 02903

Prepared by:
Scott P. O'Malley
Chief Financial Officer

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

Comprehensive Annual Financial Report

June 30, 2021 and 2020

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INTRODUCTORY SECTION



November 12, 2021

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

We are pleased to submit to you the Comprehensive Annual Financial Report of the Rhode Island Health and Educational Building Corporation (the “Corporation”) for the fiscal year ended June 30, 2021.

The Corporation’s enabling legislation requires an independent audit be performed at least once each fiscal year by certified public accountants. O’Connor & Drew PC performed the audit for the fiscal year ended June 30, 2021 and has issued an unmodified opinion on the Corporation’s financial statements. The independent auditor’s report can be found in the financial section of this report.

The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (“GASB”). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Corporation. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the Corporation. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the Corporation’s financial activity.

The reader is referred to the Management’s Discussion and Analysis (“MD&A”) section for additional information regarding the activities and financial position of the Corporation. The MD&A provides a narrative overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

33 Broad Street, Suite 200, Providence RI 02903 T. 401-831-3770 F. 401-421-3910

PROFILE OF THE CORPORATION

The Corporation was established in 1966 by an act of the Rhode Island Legislature as the Rhode Island Educational Building Corporation, a Rhode Island non-business corporation constituted as a public body corporate and agency of the state with the purpose of assisting colleges and universities in the state with the financing of educational facilities. In 1968, additional legislation changed the Corporation's name to the Rhode Island Health and Educational Building Corporation, and the Corporation's powers were expanded to enable it to assist hospitals in the state with the financing of healthcare facilities.

Since 1968, the Corporation's powers have been expanded to enable it to provide assistance to qualified health associations, cooperative hospital service organizations, visiting nurse associations, clinical laboratories, secondary schools, child day care centers, assisted living facilities and adult day care facilities. The Corporation also has the authority to administer a student loan program for higher education institutions in the state, to guaranty or insure loans to a participating hospital or institution for higher education, to assist entities controlled by or engaged in public-private partnership agreements with educational institutions and healthcare providers, and to finance the development of the site of the former Narragansett Brewery in the City of Cranston as a multi-purpose facility to be used as a center for economic development, biotechnology research, education, healthcare, governmental and other similar uses.

In 2003, the General Assembly amended the Corporation's legislation, making it the designated issuer of bonds for school projects undertaken by school districts eligible for school housing aid. The Rhode Island Department of Education's school housing aid program reimburses municipal school districts and charter schools for financing costs associated with the construction and renovation of school facilities

In 2015, the School Building Authority ("SBA") was created within the Rhode Island Department of Education by the Governor and the General Assembly to oversee school construction. The School Building Authority Capital Fund ("SBACF") program was established to provide upfront funding for public school projects. The funds provide both grants and loans to local educational authorities for high-priority projects. As part of the legislation, the Corporation was designated as the administrator of the School Building Authority Capital Fund. Appropriations are made to the fund annually by the state.

To accomplish its mission, the Corporation provides a tax-exempt bond financing program, a tax-exempt equipment lease financing program, and a direct loan program to meet the specific needs of non-profit healthcare and educational institutions in the State of Rhode Island. To fund its operations, the Corporation charges an annual administrative fee to borrowers in the amount of 0.1% of the principal amount outstanding on their bonds and equipment leases.

The Corporation is governed by a Board of Directors consisting of five members, appointed by the Governor for a term of five years. There is no limit to the number of terms a board member may serve. The Corporation operates under the direction of the Executive Director. A list of Directors, the Corporation's staff and an organizational chart follows this transmittal letter.

FINANCING ASSISTANCE PROGRAMS

Bond Financing

This program provides financing for large capital requirements, including real estate acquisitions, construction, and renovations. Tax-exempt bond financing is the Corporation's largest financing program. Bonds can be publicly sold or privately placed, bear a fixed or variable interest rate, and may include a credit enhancement such as a letter of credit or financial guaranty insurance. Eligible school districts within the state can take advantage of school housing aid reimbursements for debt service payments on their bonds. Reimbursement rates for school districts range from 35% to 95%, while the charter school reimbursement rate is 30%. The Corporation's bonds are typically secured by a pledge of and lien on all unrestricted borrower revenues as well as a first mortgage lien on specific property owned by the borrower. To date, the Corporation has completed 381 bond financings totaling \$9.4 billion.

Equipment Lease Financing

This program provides an alternative tax-exempt financing for the purpose of purchasing capital equipment and associated improvements. Program documentation was updated and streamlined in fiscal year 2020, and the approval process was reduced to one board approval. Because less documentation and legal compliance is required, this program offers borrowers a faster, more cost-effective financing than executing a full bond issue. The lease is typically privately placed with one lending company. To date, the Corporation has completed 38 equipment lease financings totaling over \$178.9 million.

Direct Loan

This program provides fixed rate loans to eligible institutions for equipment, facility improvements, and real estate acquisitions. The maximum amount of the loan cannot exceed \$800,000 with the loan term based on the useful life of the asset, but not to exceed ten years. The interest rate is based on a comparable U.S. Treasury plus 15 basis points. To date, the Corporation has made 30 direct loans totaling over \$13.8 million.

Emergency Loan

This program was implemented in response to the COVID-19 pandemic and provides fixed rate loans to qualified borrowers for the payment of debt service on existing bonds issued by the Corporation. To qualify, the borrower must demonstrate financial distress directly related to the pandemic. The maximum amount of the loan is \$250,000 and the maximum loan term is five years. The interest rate is based on the AAA Municipal Market Data rate for similar term general obligation bonds. To date, the Corporation has made one emergency loan in the amount of \$151,000.

School Building Authority Capital Fund

This program, designed as an alternative to tax-exempt bond financing, provides upfront funding for public school projects. The program awards eligible school districts a portion of their total project costs in the form of a grant, based on the district's state housing aid reimbursement rate. The school district has the option of obtaining a loan from the SBACF to fund the remaining balance of the project costs. Projects are limited to \$1 million and the loan term is not to exceed

FINANCING ASSISTANCE PROGRAMS (Continued)

School Building Authority Capital Fund (Continued)

10 years. To date, the School Building Authority Capital Fund has provided 4 loans totaling \$2.7 million and 52 grants totaling over \$51.4 million for public school projects. In addition, the SBACF awarded 43 grants totaling \$4.0M for COVID related projects during fiscal year 2021. The SBA is also permitted to award grants to school districts for technical assistance and guidance on facility assessment, demographics studies, enrollment forecasts, and developing a master plan as part of the program's Necessity of School Construction application process. To date, the SBACF has awarded 38 grants totaling over \$3.6 million for this purpose.

School Construction Bond ("PayGo")

Article 9 of the 2019 state budget provided for the issuance of \$250 million general obligation bonds by the State to support state housing aid on a pay-as-you-go basis. In November 2018 the issuance of the bonds was approved by voters. This program allows school districts to receive 15% of their state housing aid on a pay-as-you-go basis. As the administrator of state housing aid, the Corporation is also responsible for the administration of the School Construction Bond proceeds. The bond proceeds will be expended over a five-year period, with no more than \$100 million issued in any one year. To date, \$181.2 million of the bond proceeds has been awarded to school districts.

PROJECT APPROVAL PROCESS

For a healthcare institution to qualify for certain large-capital tax-exempt bond or lease financings, the project must be approved by the Rhode Island Department of Health. Municipal school districts need approval from their respective city or town councils and the Rhode Island General Assembly to qualify for tax-exempt bond or lease financings. In order to qualify for state housing aid, School Building Authority Capital Funds, or PayGo funds, local school districts must obtain approval from the Rhode Island Department of Education. Finally, all financings receive approval by the Corporation's Board of Directors.

CONDUIT ISSUER

As a conduit issuer, the Corporation issues debt to raise capital for the benefit of a third party, the conduit borrower. In accordance with the financing agreement entered into between the Corporation and the borrower, the Corporation is not responsible for the repayment of the debt. The debt issued by the Corporation is payable solely from and secured by a pledge of payments made by the borrower and is not the obligation of the Corporation or the State of Rhode Island.

REPORTING ENTITY

For financial reporting purposes, the Corporation is reported as a component unit of the State of Rhode Island. Accordingly, the Corporation's financial statements are included in the State of Rhode Island's annual financial report.

INTERNAL CONTROLS

Objectives

The Corporation's internal control objectives are to ensure all financial reports are fairly presented and free from material misstatement, ensure the completeness and accuracy of all transactions, ensure all transactions have been properly authorized by management and/or the Board of Directors, maintain a system which allows errors to be detected and corrected promptly, and ensure physical safeguards are in place to protect physical assets. In its effort to meet these objectives, the Corporation employs the following controls: segregation of certain duties, strict limitations on management's transaction authority, periodic submission of compliance reports to the Senate Fiscal Advisor and Secretary of State, and the review of monthly financial reports by the Board of Directors.

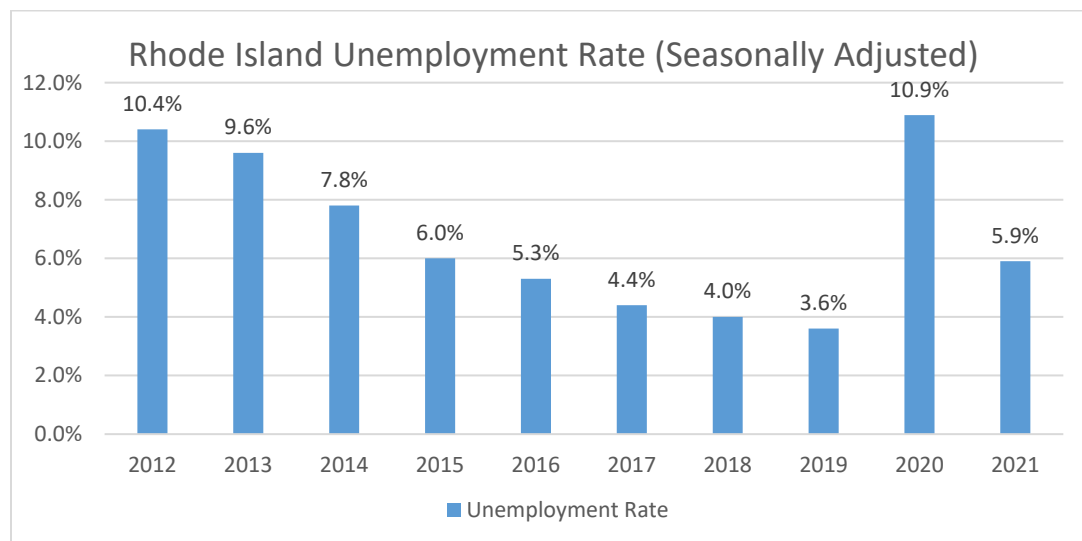
Limitations

The Corporation understands that an internal control system can only provide reasonable, rather than absolute assurance that the Corporation's objectives have been achieved. Limitations inherent in all internal control systems include errors in human judgement, misunderstandings and other human failures, management's ability to override prescribed policies and procedures, and employee collusion. Furthermore, the Corporation recognizes that the cost of an internal control should not exceed the expected benefits to be derived.

ECONOMIC FACTORS AFFECTING THE CORPORATION

Unemployment

The graph below shows Rhode Island's unemployment rate steadily declining from 10.4% in 2012 to 3.6% in 2019. In 2020, the state's unemployment rate rose to 10.9% due to the COVID-19 pandemic. Rhode Island's unemployment rate for June 2021 was 5.9%, the second highest unemployment rate of the six New England states. For comparison, the U.S. unemployment rate was also 5.9% during the same period.

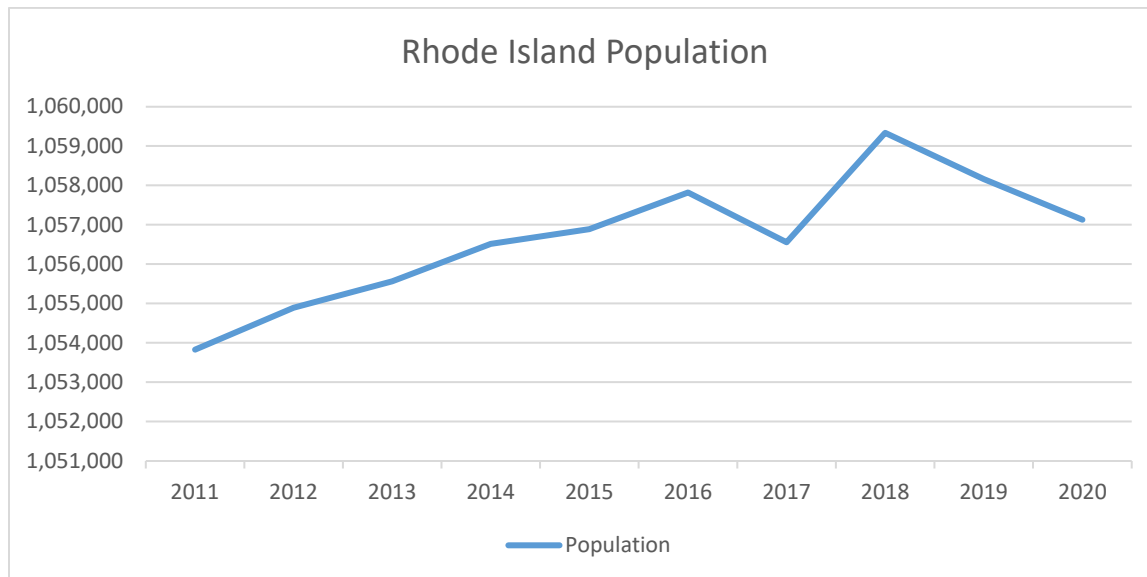


Source: RI Department of Labor and Training

ECONOMIC FACTORS AFFECTING THE CORPORATION (Continued)

Population

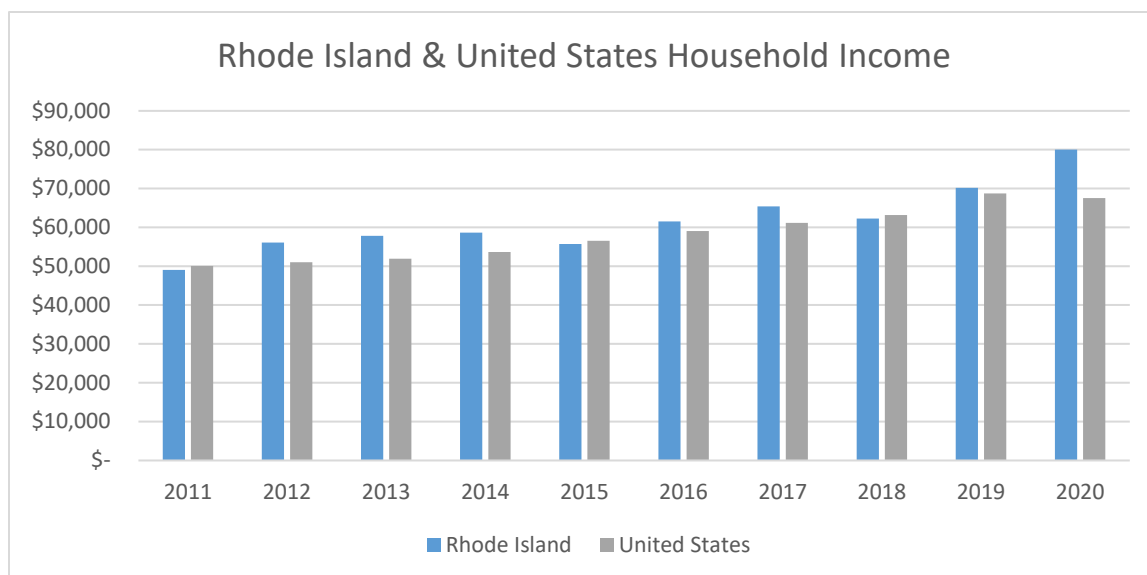
The graph below shows changes in Rhode Island's population from 2011 to 2020. Rhode Island's population increased from just below 1.054 million people in 2011 to over 1.057 million people in 2020 despite decreases in population over the last two years.



Source: U.S. Census Bureau

Household Income

The graph below shows Rhode Island's median household income as compared to the national average. Rhode Island's median household income has remained close to or above the national average from 2011 to 2019. During 2020, Rhode Island's median household income rose significantly above the national average.



Source: U.S. Census Bureau

LONG-TERM FORECAST

For fiscal year 2022 the state budget is expected to allocate \$79.3 million for school housing aid and \$0.6 million for School Building Authority Capital Fund projects. In addition, the \$250 million School Construction Bond program is expected to provide school construction aid over the next four years. Because School Construction Bond proceeds are currently available to eligible school districts, the State has been allocating less funds toward the School Building Authority Capital Fund program.

Article 9 of the 2019 state budget specifies that the Corporation provide funding for limited personnel expenses of the School Building Authority. To offset this expense, the legislation allowed the Corporation to collect a one-time administrative fee from school districts when the Corporation provides financing. The 2020 state budget legislation then significantly reduced the amount of the administrative fee the Corporation can collect from school districts. As a result of this restrictive legislation, the Corporation must use more of its own reserves to fund this obligation. The Corporation is currently in the process of identifying alternate funding sources for these School Building Authority expenses.

The Corporation provides assistance to a large and diverse pool of borrowers who provide two important services – education and healthcare. Consequently, should a borrower or even an entire sector experience a decline in activity there will still exist significant revenue sources for the Corporation. Healthcare and educational institutions have historically remained financially strong, even during periods of economic downturns. The Corporation anticipates it will continue to serve a significant role in assisting Rhode Island’s healthcare and educational institutions with the financing of the construction and improvement of their facilities.

ACHIEVEMENTS

Through its tax-exempt bond financing program, the Corporation has provided bond financing to all 12 of the state’s acute care hospitals, 12 assisted living facilities, 10 community healthcare centers, 33 of the state’s 36 municipal school districts, all of the state’s 11 post-secondary educational institutions, 10 charter schools, and 22 private schools.

The Corporation has consistently been the number one municipal issuer in Rhode Island as ranked annually by *The Bond Buyer*.

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Rhode Island Health and Educational Building Corporation for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the sixth consecutive year the Corporation has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

ACHIEVEMENTS (Continued)

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and therefore we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

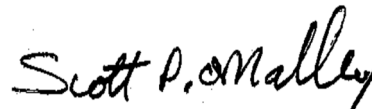
The Rhode Island Health and Educational Building Corporation works in collaboration with both the Rhode Island Department of Health and the Rhode Island Department of Education to provide financing to the state's healthcare and educational institutions.

We wish to acknowledge the hard work and dedication of the Rhode Island Health and Educational Building Corporation's staff who participated in the preparation of this Comprehensive Annual Financial Report. Appreciation is also extended to the Board of Directors for their support in maintaining the highest standards of professionalism in the management of the Corporation.

Respectfully Submitted,



Kimberly W. Mooers
Executive Director



Scott P. O'Malley
Chief Financial Officer

**RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING
CORPORATION**

List of Directors, Staff, and Advisors

Board of Directors

Joseph R. Dewhirst, Chairman
Scott A. Davis, Vice Chairman
Ralph A. Palumbo, Treasurer
Marcy Reyes, Member
Vacancy To Be Filled

Staff

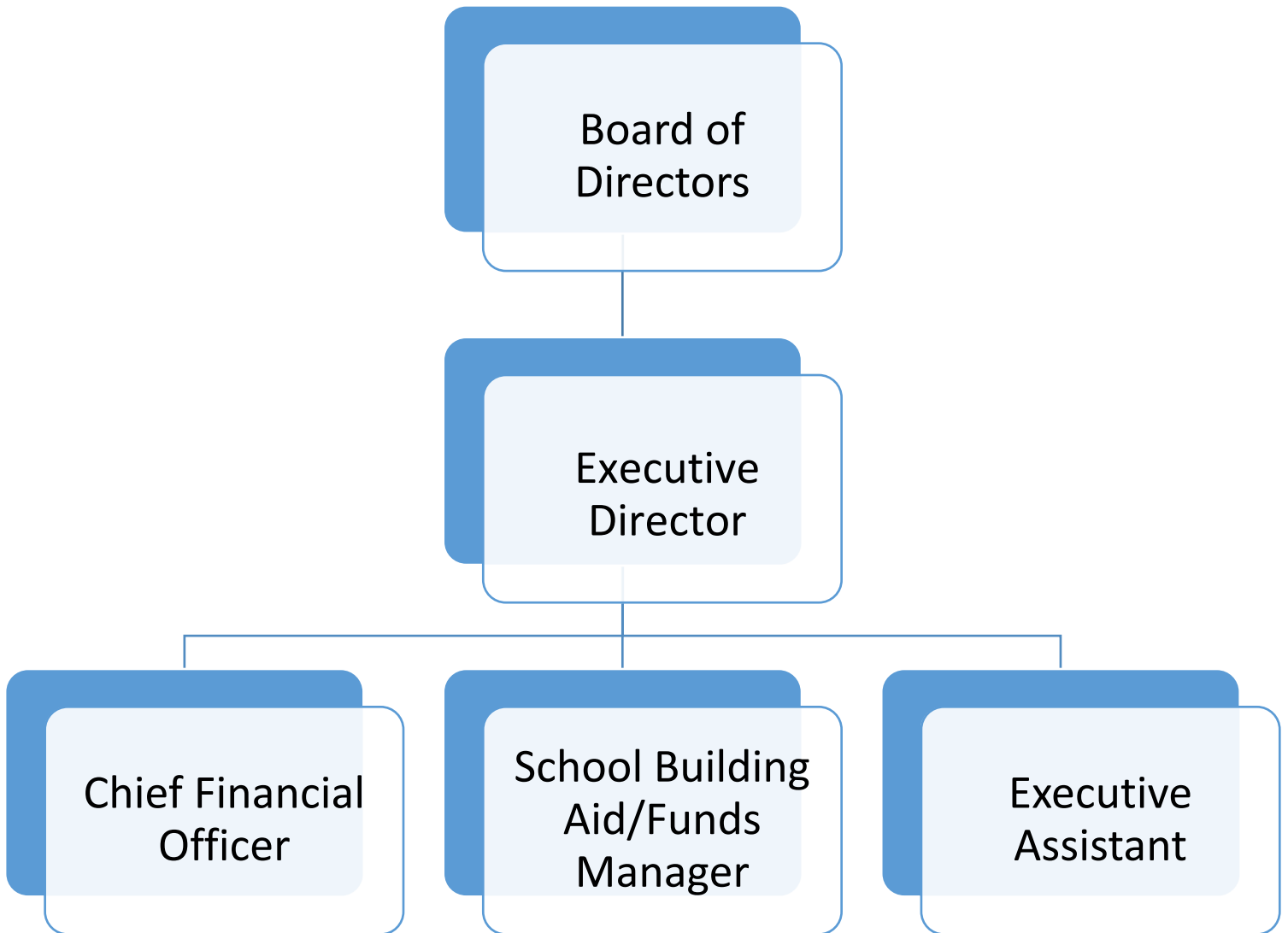
Kimberly W. Mooers, Executive Director
Scott P. O'Malley, Chief Financial Officer
Jennifer L. Almeida, School Building Aid/Funds Manager
Brooke S. McDonald, Executive Assistant

Advisors

Moses Ryan LTD, General Counsel
O'Connor & Drew PC, Independent Auditors
Acacia Financial Group, Financial Advisors

**RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING
CORPORATION**

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Rhode Island Health & Educational
Building Corporation**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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) <u>2020</u>	(Restated) <u>2019</u>
Capital assets, net	\$ 26,954	\$ 25,243	\$ 25,910
Current assets	8,374,944	8,196,716	7,918,011
Non-current assets	<u>508,452</u>	<u>614,629</u>	<u>595,605</u>
Total assets	8,910,350	8,836,588	8,539,526
Current 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	26,954	25,243	25,910
Restricted	250,085	61,366	165,919
Unrestricted	<u>8,408,774</u>	<u>8,453,447</u>	<u>7,917,127</u>
Total net position	\$ <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

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) <u>2020</u>	(Restated) <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.

**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

Payments to the State

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>2021</u>	<u>2020</u>	<u>2019</u>
Bonds Payable	\$ <u>3,250,031,819</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.

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) <u>2020</u>
Current Assets:		
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>
Total Current Assets	<u>8,374,944</u>	<u>8,196,716</u>
Non-Current Assets:		
Loans receivable, net of current portion	508,452	614,629
Capital assets, net	<u>26,954</u>	<u>25,243</u>
Total Non-Current Assets	<u>535,406</u>	<u>639,872</u>
Total Assets	<u>\$ 8,910,350</u>	<u>\$ 8,836,588</u>
	<u>Liabilities and Net Position</u>	
Current Liabilities:		
Accrued expenses	\$ 56,248	\$ 73,310
Due to primary state government	<u>168,289</u>	<u>223,222</u>
Total Liabilities	<u>224,537</u>	<u>296,532</u>
Net Position:		
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>
Total Net Position	<u>8,685,813</u>	<u>8,540,056</u>
Total Liabilities and Net Position	<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) <u>2020</u>
Operating Revenues:		
Administrative fees	\$ 2,542,465	\$ 2,376,665
Interest earned on loans receivable	<u>15,602</u>	<u>15,718</u>
Total Operating Revenues	<u>2,558,067</u>	<u>2,392,383</u>
Operating Expenses:		
Administrative	1,203,498	1,371,295
Grants	540,003	-
Depreciation	<u>8,437</u>	<u>9,924</u>
Total Operating Expenses	<u>1,751,938</u>	<u>1,381,219</u>
Operating Income	806,129	1,011,164
Non-Operating Revenues (Expenses):		
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>
Total Non-Operating Revenues (Expenses)	<u>(660,372)</u>	<u>(580,064)</u>
Increase in Net Position	<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 in Capital Assets	Restricted Expendable	Unrestricted	Total
Balance June 30, 2019, as previously reported	\$ 25,910	\$ 20,556,786	\$ 8,050,703	\$ 28,633,399
Reclassification - See Note 2	-	165,919	(165,919)	
Prior period adjustment - See Note 2	-	(20,556,786)	32,343	(20,524,443)
Balance at June 30, 2019, as restated	25,910	165,919	7,917,127	8,108,956
Change in net position, as previously reported	(667)	(104,553)	536,320	431,100
Balance at June 30, 2020, as restated	25,243	61,366	8,453,447	8,540,056
Changes in net position	1,711	188,719	(44,673)	145,757
Balance, June 30, 2021	<u>\$ 26,954</u>	<u>\$ 250,085</u>	<u>\$ 8,408,774</u>	<u>\$ 8,685,813</u>

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

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Statements of Cash Flows

For the Years Ended June 30,

	<u>2021</u>	(Restated) <u>2020</u>
Cash Flows from Operating Activities:		
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>
Cash Flow from Non-Capital Financing Activity:		
Payment to primary state government	<u>(732,878)</u>	<u>(769,929)</u>
Cash Flow from Capital and Related Financing Activity:		
Purchase of capital assets	<u>(12,362)</u>	<u>(9,967)</u>
Cash Flows from Investing Activities:		
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>
Net Increase in Cash and Equivalents	138,504	256,175
Cash and Equivalents, at Beginning of Year	<u>7,947,421</u>	<u>7,691,246</u>
Cash and Equivalents, at End of Year	<u>\$ 8,085,925</u>	<u>\$ 7,947,421</u>
Reconciliation of Operating Income to Net Cash Provided by (Applied to) Operating Activities:		
Operating income	\$ 806,129	\$ 1,011,164
Adjustments to reconcile net income to net cash provided by (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>
	<u>\$ 8,085,925</u>	<u>\$ 7,947,421</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 Fiduciary Net Position
Custodial Fiduciary Funds
June 30, 2021**

	<u>Assets</u>		
	<u>Housing Aid</u>	<u>SBACF</u>	<u>PayGo</u>
Current Assets:			
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	-
Total Current Assets	<u>1,408,460</u>	<u>11,230,160</u>	<u>21,973,207</u>
Non-Current Asset:			
Loans receivable, net of current portion	-	903,062	-
Total Assets	<u>\$ 1,408,460</u>	<u>\$ 12,133,222</u>	<u>\$ 21,973,207</u>
	<u>Liability and Net Position</u>		
Current Liabilities:			
Due to Rhode Island Health Educational 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	-	-
Total Liabilities	<u>1,408,460</u>	<u>135,567</u>	<u>4,217,121</u>
Net Position:			
Restricted:			
Held for authorized projects	-	4,883,963	-
Available for future projects	-	7,113,692	17,756,086
Total Net Position	<u>-</u>	<u>11,997,655</u>	<u>17,756,086</u>
Total Liabilities and Net Position	<u>\$ 1,408,460</u>	<u>\$ 12,133,222</u>	<u>\$ 21,973,207</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 Fiduciary Net Position
Custodial Fiduciary Funds
June 30, 2020**

	<u>Assets</u>		
	<u>Housing</u>	<u>SBACF</u>	<u>PayGo</u>
Current Assets:			
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	-
Total Current Assets	<u>3,711,744</u>	<u>14,674,124</u>	<u>6,187,308</u>
Non-Current Assets:			
Loans receivable, net of current portion	-	1,120,287	-
Total Assets	<u>\$ 3,711,744</u>	<u>\$ 15,794,411</u>	<u>\$ 6,187,308</u>
	<u>Liabilities and Net Position</u>		
Current Liabilities:			
Due to Rhode Island Health Educational 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
Total Liabilities	<u>3,711,744</u>	<u>1,492,847</u>	<u>6,187,308</u>
Net Position:			
Restricted - School Building Authority Capital Fund:			
Held for authorized projects	-	6,714,088	-
Available for future projects	-	7,587,476	-
Total Net Position	<u>-</u>	<u>14,301,564</u>	<u>-</u>
Total Liabilities and Net Position	<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>
Additions:			
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>
Total Additions	58,040,916	1,048,080	35,922,039
Deductions:			
Housing aid	58,040,916	-	-
Project cost grants	<u>-</u>	<u>3,351,989</u>	<u>18,165,953</u>
Total Deductions	<u>58,040,916</u>	<u>3,351,989</u>	<u>18,165,953</u>
Increase (Decrease) in Fiduciary Net Position	-	(2,303,909)	17,756,086
Net Position, at Beginning of Year	<u>-</u>	<u>14,301,564</u>	<u>-</u>
Net Position, at End of Year	<u>\$ -</u>	<u>\$ 11,997,655</u>	<u>\$ 17,756,086</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, 2020**

	<u>Housing</u>	<u>SBACF</u>	<u>PayGo</u>
Additions:			
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>
Total Additions	<u>62,896,702</u>	<u>5,147,015</u>	<u>22,251,942</u>
Deductions:			
Housing aid	62,896,702	-	-
Project cost grants	<u>-</u>	<u>11,767,252</u>	<u>22,251,942</u>
Total Deductions	<u>62,896,702</u>	<u>11,767,252</u>	<u>22,251,942</u>
Increase (Decrease) in Fiduciary Net Position	-	(6,620,237)	-
Net Position, at Beginning of Year	<u>-</u>	<u>20,921,801</u>	<u>-</u>
Net Position, at End of Year	<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 June 30, 2021	Additions	Retirements	Balance at 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

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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 Reported at June 30, 2020	Restatement	Reclassification	Implementation of GASB 84	As restated 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 Reported at June 30, 2019	Restatement	Reclassification	Implementation of GASB 84	As restated 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 Issued</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 6/30/2021</u>	<u>Outstanding Principal at 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 Issued</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 6/30/2021</u>	<u>Outstanding Principal at 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 Issued</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 6/30/2021</u>	<u>Outstanding Principal at 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 ² 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 Issued</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 6/30/2021</u>	<u>Outstanding Principal at 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

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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 3 - Conduit Debt - Continued

<u>Institution</u>	<u>Year Issued</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 6/30/2021</u>	<u>Outstanding Principal at 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

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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 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 Lives (in years)	Beginning Balance	Additions	Retirements	Ending 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 Lives (in years)	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets:					
Office Equipment	5	\$ 18,246	\$ -	\$ (3,392)	\$ 14,854
Computer Equipment	5	40,484	5,644	(9,381)	36,747
Furniture and Fixtures	5-10	<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 <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	-
Chariho	100,000	-	100,000	20,337	-	20,337
Coventry	-	-	-	50	-	50
East Greenwich	-	-	-	99,843	-	99,843
East Providence	100,000	-	100,000	100,000	-	100,000
Foster	-	-	-	5,045	-	5,045
Foster-Glocester	-	-	-	82,269	80,850	1,419
Kingston Hill Academy	-	-	-	50,000	-	50,000
Lincoln	-	-	-	31,065	31,065	-
Little Compton	-	-	-	59,757	9,757	50,000
Middletown	-	-	-	105,333	5,333	100,000
Narragansett	50,000	-	50,000	50,000	-	50,000
North 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.

**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 Paid	Amount 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 Paid	Amount 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 Paid	Amount Paid
	Brooke McDonald	Staff event	03/10/2021	85.55
		Total		<u>85.55</u>
		Total		<u>\$ 1,210.55</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>
Total Net Position	<u>\$ 8,685,813</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

<u>Statement of Activities</u>	<u>Attachment C</u>
Expenses	\$ <u>1,754,152</u>
Program Revenues:	
Charges for services	<u>2,558,067</u>
Net (Expenses) Revenues	803,915
General Revenues:	
Interest and investment earnings	6,606
Miscellaneous revenue	<u>13,181</u>
Total General Revenue	<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.

STATISTICAL SECTION

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

Statistical Section

This part of the Corporation's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Corporation's overall financial health.

Contents

Financial Trends

These schedules will help the reader understand how the Corporation's financial position has changed over time.

- Net Position by Component – Last Ten Fiscal Years
- Changes in Net Position – Last Ten Fiscal Years
- Total Revenues by Component – Last Ten Fiscal Years
- Total Expenses by Component – Last Ten Fiscal Years

Revenue Capacity

These schedules will help the reader understand the Corporation's revenue sources and its ability to generate revenue.

- Ten Largest Revenue Sources – Current Year and Nine Years Ago
- Ten Largest Borrowers – Current Year and Nine Years Ago
- Direct Loans Issued – Last Ten Fiscal Years

Debt Capacity

These schedules will help the reader assess the affordability of the Corporation's current levels of outstanding debt. To better assess the Corporation's ability to issue additional debt, the reader would have to assess the additional debt capacity of the individual borrowers.

- Conduit Debt Issued – Last Ten Fiscal Years
- Conduit Debt Outstanding – Last Ten Fiscal Years

Operating Information

These schedules will help the reader understand the operations and structure of the Corporation as it relates to the services it provides and the activities it performs.

- Full-Time Employees by Program – Last Ten Fiscal Years

**RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING
CORPORATION**

Statistical Section (Continued)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Corporation's financial activities take place.

- State of Rhode Island Demographics – Last Ten Fiscal Years
- State of Rhode Island Principal Employers – Current Year and Nine Years Ago

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

Net Position by Component

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Net Position</u>
2021	\$ 26,954	\$ 250,085	\$ 8,408,774	\$ 8,685,813
2020	25,243	61,366	8,453,447	8,540,056
2019	25,910	165,919	7,917,127	8,108,956
2018	22,473	-	7,230,171	7,252,644
2017	30,451	-	12,368,625	12,399,076
2016	28,368	-	11,844,320	11,872,688
2015	20,453	-	12,012,392	12,032,845
2014	11,264	-	11,205,891	11,217,155
2013	14,581	-	10,356,518	10,371,099
2012	24,349	-	9,425,966	9,450,315

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

Changes in Net Position

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Operating Revenues</u>	<u>Total Operating Expenses</u>	<u>Operating Income (Loss)</u>	<u>Total Non-Operating Revenues (Expenses)</u>	<u>Change in Net Position</u>
2021	\$ 2,558,067	\$ 1,751,938	\$ 806,129	\$ (660,372)	\$ 145,757
2020	2,392,383	1,381,219	1,011,164	(580,064)	431,100
2019	3,091,062	1,662,796	1,428,266	(571,954)	856,312
2018	2,407,699	1,759,695	648,004	(5,794,436)	(5,146,432)
2017	2,307,056	1,846,294	460,762	65,626	526,388
2016	2,465,402	1,659,550	805,852	(966,009)	(160,157)
2015	2,341,668	1,562,949	778,719	36,971	815,690
2014	2,375,744	1,575,482	800,262	45,794	846,056
2013	2,357,318	1,476,615	880,703	40,082	920,785
2012	2,267,346	1,612,274	655,072	42,965	698,037

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

Total Revenues by Component

Last Ten Fiscal Years

Fiscal Year	Operating Revenues			Non-Operating Revenues		
	Administrative Fees	Interest on Loans Receivable	Total Operating Revenues	Net Investment Income	Other Income	Total Revenues
2021	\$ 2,542,465	\$ 15,602	\$ 2,558,067	\$ 6,606	\$ 13,181	\$ 2,577,854
2020	2,376,665	15,718	2,392,383	115,351	76,240	2,583,974
2019	3,074,171	16,891	3,091,062	168,150	-	3,259,212
2018	2,388,962	18,737	2,407,699	173,221	32,343	2,613,263
2017	2,283,024	24,032	2,307,056	65,626	-	2,372,682
2016	2,432,947	32,455	2,465,402	36,384	-	2,501,786
2015	2,306,840	34,828	2,341,668	38,834	-	2,380,502
2014	2,328,565	47,179	2,375,744	45,794	-	2,421,538
2013	2,284,034	73,284	2,357,318	40,082	-	2,397,400
2012	2,178,195	89,151	2,267,346	45,335	-	2,312,681

**RHODE ISLAND HEALTH AND EDUCATIONAL
BUILDING CORPORATION**

Total Expenses by Component

Last Ten Fiscal Years

Fiscal Year	Operating Expenses			Non-Operating Expenses		
	Administrative	Grants	Total Operating Expenses	Loss on Disposal of Capital Assets	Payment to State	Total Expenses
2021	\$ 1,211,935	\$ 540,003	\$ 1,751,938	\$ 2,214	\$ 677,945	\$ 2,432,097
2020	1,381,219	-	1,381,219	710	770,945	2,152,874
2019	1,662,796	-	1,662,796	2,370	737,734	2,402,900
2018	1,509,695	250,000	1,759,695	-	6,000,000	7,759,695
2017	1,846,294	-	1,846,294	-	-	1,846,294
2016	1,659,550	-	1,659,550	2,393	1,000,000	2,661,943
2015	1,562,949	-	1,562,949	1,863	-	1,564,812
2014	1,575,482	-	1,575,482	-	-	1,575,482
2013	1,476,615	-	1,476,615	-	-	1,476,615
2012	1,612,274	-	1,612,274	2,370	-	1,614,644

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

Ten Largest Revenue Sources

Current Year and Nine Years Ago

<u>Payor</u>	<u>FY 2021 Rank</u>	<u>% of Revenue</u>	<u>FY 2012 Rank</u>	<u>% of Revenue</u>
Brown University	1	24.87%	1	19.59%
University of Rhode Island	2	10.17%	3	11.28%
Lifespan	3	8.06%	2	15.69%
Rhode Island School of Design	4	7.25%	4	7.01%
Providence College	5	5.17%	7	4.42%
Care New England	6	4.95%	6	4.89%
City of East Providence	7	4.90%		
Bryant University	8	3.96%	8	3.76%
City of Providence	9	3.96%		
New England Institute of Technology	10	3.66%	10	2.47%
Roger Williams University			5	6.25%
Johnson & Wales University			9	3.29%

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

Ten Largest Borrowers

Current Year and Nine Years Ago

<u>Borrower</u>	<u>FY 2021 Rank</u>	<u>Amount of Borrowing</u>	<u>FY 2012 Rank</u>	<u>Amount of Borrowing</u>
City of East Providence	1	\$ 124,470,000	*	
City of Providence	2	100,690,000	*	
Rhode Island School of Design	3	52,905,000	5	\$ 28,340,000
Town of East Greenwich	4	29,655,000	3	35,640,000
Providence College	5	19,585,000	2	38,940,000
City of Newport	6	17,920,000	*	
Blackstone Valley Prep	7	15,955,000	*	
Town of N Kingstown	8	12,840,000	*	
Town of Westerly	9	11,205,000	8	14,645,000
City of Warwick	10	6,400,000	*	
Brown University			1	70,600,000
Salve Regina University			4	32,980,000
Bryant University			6	23,255,000
Care New England			7	16,000,000
Roger Williams University			9	12,025,000
Ocean State Assisted Living			10	11,010,000

* Indicates no bonds were issued on behalf of borrower during the FY.

**RHODE ISLAND HEALTH AND EDUCATIONAL
BUILDING CORPORATION**

Direct Loans Issued

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Number of Loans</u>	<u>Amount</u>
2021	0	\$ -
2020	1	151,000
2019	0	-
2018	0	-
2017	0	-
2016	0	-
2015	1	795,000
2014	1	350,000
2013	1	1,000,000
2012	1	348,527

**RHODE ISLAND HEALTH AND EDUCATIONAL
BUILDING CORPORATION**

Conduit Debt Issued

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Number of Financings</u>	<u>Bonds - New Projects</u>	<u>Bonds - Refunding</u>	<u>Equipment Leases</u>	<u>Total</u>
2021	10	\$ 277,170,000	\$ 114,455,000	\$ -	\$ 391,625,000
2020	11	105,220,830	92,037,670	-	197,258,500
2019	15	212,624,682	33,052,318	-	245,677,000
2018	9	255,850,000	124,355,000	-	380,205,000
2017	16	172,485,000	706,423,000	-	878,908,000
2016	16	220,054,207	126,885,793	-	346,940,000
2015	13	51,838,000	259,469,000	-	311,307,000
2014	17	308,908,085	170,071,915	-	478,980,000
2013	16	208,152,713	207,017,287	60,000,000	475,170,000
2012	21	151,533,183	198,021,817	-	349,555,000

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

Conduit Debt Outstanding

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Education</u>										
Colleges & Universities										
State	\$ 270,970,000	\$ 281,910,000	\$ 291,700,000	\$ 280,695,000	\$ 213,620,000	\$ 229,255,000	\$ 238,630,000	\$ 247,670,000	\$ 311,535,000	\$ 268,665,000
Private	1,311,950,789	1,326,626,472	1,378,484,422	1,360,870,954	1,347,398,291	1,327,699,312	1,247,807,774	1,217,693,976	1,197,804,215	1,215,112,851
Primary & Secondary Schools										
Public	1,007,220,000	825,329,000	813,329,000	784,375,000	754,386,000	707,389,000	726,402,000	766,106,000	693,941,000	653,041,000
Private	128,424,887	140,828,182	146,766,698	151,159,347	127,764,595	148,665,279	137,240,712	120,502,413	111,637,491	121,426,233
Charter	69,112,854	53,584,527	46,417,427	18,199,143	20,496,837	22,111,692	26,102,605	27,663,000	29,357,000	31,138,000
Total Education Debt	\$ 2,787,678,530	\$ 2,628,278,181	\$ 2,676,697,547	\$ 2,595,299,444	\$ 2,463,665,723	\$ 2,435,120,283	\$ 2,376,183,091	\$ 2,379,635,389	\$ 2,344,274,706	\$ 2,289,383,084
<u>Healthcare</u>										
Hospitals	\$ 378,822,750	\$ 394,073,651	\$ 423,027,604	\$ 450,114,460	\$ 474,406,299	\$ 538,322,420	\$ 563,636,932	\$ 619,314,519	\$ 593,774,200	\$ 564,448,007
Health Centers	43,988,406	49,877,671	48,952,243	52,677,708	55,572,687	59,947,930	61,776,767	63,524,766	65,657,315	60,811,284
Assisted Living/Skilled Nursing Facilities	39,542,133	48,262,945	50,151,357	53,102,768	56,067,156	99,738,785	88,312,046	99,064,000	93,373,000	90,587,000
Total Healthcare Debt	\$ 462,353,289	\$ 492,214,267	\$ 522,131,204	\$ 555,894,936	\$ 586,046,142	\$ 698,009,135	\$ 713,725,745	\$ 781,903,285	\$ 752,804,515	\$ 715,846,291
Total Debt	\$ 3,250,031,819	\$ 3,120,492,448	\$ 3,198,828,751	\$ 3,151,194,380	\$ 3,049,711,865	\$ 3,133,129,418	\$ 3,089,908,836	\$ 3,161,538,674	\$ 3,097,079,221	\$ 3,005,229,375

The Corporation's debt is not considered debt of the State of Rhode Island. See Note 2 in the basic financial statements for more information.

**RHODE ISLAND HEALTH AND EDUCATIONAL
BUILDING CORPORATION**

Full-Time Employees by Program

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>RIHEBC Administrative</u>	<u>School Housing Aid</u>	<u>Total</u>
2021	3	1	4
2020	3	1	4
2019	3	1	4
2018	4	1	5
2017	4	1	5
2016	4	1	5
2015	4	1	5
2014	4	1	5
2013	4	1	5
2012	4	1	5

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

State of Rhode Island Demographics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in millions)</u>	<u>Personal Income Per Capita</u>	<u>Unemployment Rate</u>
2021	-	\$ -	\$ -	5.9%
2020	1,057,125	64,300	60,825	10.9%
2019	1,058,158	59,909	56,616	3.6%
2018	1,059,338	57,372	54,158	4.0%
2017	1,056,554	55,301	52,341	4.4%
2016	1,057,816	53,230	50,321	5.3%
2015	1,056,886	52,448	49,625	6.0%
2014	1,056,511	50,646	47,937	7.8%
2013	1,055,560	48,545	45,990	9.6%
2012	1,054,893	48,502	45,978	10.4%

Source:

Population - U.S. Census Bureau.

Personal Income - Bureau of Economic Analysis.

Unemployment Rate - RI Department of Labor and Training.

Note: Population and personal income information for 2021 unavailable at time of printing.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

State of Rhode Island Principal Employers

Current Year and Nine Years Ago

<u>Employer</u>	<u>2020 Rank</u>	<u>Number of Employees</u>	<u>2011 Rank</u>	<u>Number of Employees</u>
State of Rhode Island	1	13,695	1	13,207
Lifespan Corp.	2	13,001	2	12,330
CVS Health Corp.	3	8,600	4	6,200
Care New England	4	7,549	3	5,113
Citizens Financial Group	5	4,976	5	5,400
City of Providence	6	4,758	6	5,224
Brown University	7	4,310	7	4,200
General Dynamics Electric Boat	8	4,000	14	2,260
Naval Undersea Warfare Center	9	3,481	12	2,758
Fidelity Investments	10	3,100	11	2,700
Diocese of Providence			8	3,600
Bank of America			9	3,500
CharterCare Health			10	3,306

Source:

2020 Data - Providence Business News, *2021 Book of Lists*.

2011 Data - Providence Business News, *2012 Book of Lists*.

Note: Information for 2021 unavailable at time of printing.

COMPLIANCE SECTION



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.



**Certified Public Accountants
Braintree, Massachusetts**

September 29, 2021