

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

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

JUNE 30, 2022 AND 2021

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Financial Statements and Management's Discussion and Analysis

June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audits of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activity and the aggregate remaining fund information of the Rhode Island Health and Educational Building Corporation (the "Corporation") (a component unit of the State of Rhode Island), which comprise the statements of net position as of June 30, 2022 and 2021, the statements of activities and changes in net position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the aggregate remaining fund information of the Corporation as of June 30, 2022 and 2021, and the respective changes in net position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Corporation adopted new accounting guidance, GASB Statement Number 87, *Leases*. The adoption of this pronouncement required the Corporation to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



**Certified Public Accountants
Braintree, Massachusetts**

September 28, 2022

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis

June 30, 2022 and 2021

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, 2022 and 2021. 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 Activities and Changes in Net Position – Presents information showing how the Corporation's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued compensable absences).

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

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

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2022 and 2021

FINANCIAL HIGHLIGHTS – FY 2022

- During FY 2022 the Corporation implemented GASB 87, affecting the reporting of leases by governments.
- During FY 2022 the Corporation completed 13 bond financings totaling \$492,555,569 as compared to 10 bond financings completed during FY 2021 totaling \$391,625,000.
- During FY 2022 the Corporation transferred \$257,613 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 2022 are \$9,663,674, an increase of \$254,043 or 3% over total assets for FY 2021.
- Cash and investments for FY 2022 are \$8,356,917, an increase of \$521,077 or 7% over cash and investments for FY 2021.
- Operating revenues for FY 2022 are \$2,369,664, a decrease of \$188,403 or 7% over operating revenues for FY 2021.
- Operating expenses for FY 2022 are \$1,756,365, an increase of \$4,427 or .25% over operating expenses for FY 2021.
- Change in net position for FY 2022 is \$390,904, an increase of \$245,147 or 168% over the change in net position for FY 2021.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2022 and 2021

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 \$391,625,000 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 \$9,409,631, an increase of \$573,043 or 6% over total assets for FY 2020.
- Cash and investments for FY 2021 are \$7,835,840, a decrease of \$50,215 or .64% over cash and investments 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, 2022 and 2021

FINANCIAL ANALYSIS

Condensed Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Capital assets, net	\$ 417,054	\$ 526,235	\$ 25,243
Other assets	<u>9,246,620</u>	<u>8,883,396</u>	<u>8,811,345</u>
Total assets	9,663,674	9,409,631	8,836,588
Other liabilities	<u>586,957</u>	<u>723,818</u>	<u>296,532</u>
Total liabilities	<u>586,957</u>	<u>723,818</u>	<u>296,532</u>
Net investment in capital assets	3,521	26,954	25,243
Restricted	200,836	250,085	61,366
Unrestricted	<u>8,872,360</u>	<u>8,408,774</u>	<u>8,453,447</u>
Total net position	\$ <u>9,076,717</u>	\$ <u>8,685,813</u>	\$ <u>8,540,056</u>

The 2022 and 2021 presentations reflect the implementation of GASB 87 *Leases*. The statement was not applicable for the 2020 presentation and therefore does not contain a right to use asset or lease liability.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2022 and 2021

Capital Assets

Capital assets decreased during FY 2022 due to a \$101,650 decrease in the right-to-use lease asset. The recognition of the lease asset is required due to the Corporation's implementation of GASB 87. The Corporation did not invest in or dispose of capital assets during the fiscal year. For FY 2021 capital assets increased \$501,000 due to the recognition of a right-to-use lease asset in the amount of \$499,300.

Total Assets

Total assets increased \$254,000 or 3% during FY 2022, as compared to FY 2021. In comparison, total assets increased \$573,000 or 6% during FY 2021, as compared to FY 2020.

The Corporation's cash and equivalents increased \$521,100 during FY 2022 due to the State budget shifting \$500,000 of School Building Authority limited personnel expenses from the Corporation to the State's general revenues. As a result, the Corporation did not have to liquidate investments to fund these expenditures. In comparison, cash and equivalents decreased \$50,200 during FY 2021.

The Corporation's restricted cash increased \$188,700 for FY 2021 due to the receipt of \$256,300 of unexpended administrative funds related to bonds issued on behalf of public school districts. When bonds are issued on behalf of a public school district, an administrative fund is established to offset certain expenses. When the bonds are redeemed, any remaining funds are transferred to the Corporation.

Total Liabilities

Total liabilities decreased \$136,900 or 19% during FY 2022, as compared to FY 2021. In comparison, total liabilities increased \$427,300 or 144% during FY 2021 due to the recognition of a lease liability in the amount of \$499,300. The Corporation's implementation of GASB 87 required it to recognize a lease liability, which will decrease as lease payments are made. This lease liability decreased \$85,700 during FY 2022.

The fiscal year 2022 State budget shifted \$500,000 of the School Building Authority's limited personnel costs from the Corporation to the State's general revenues. This legislation reduced the FY 2022 due to primary state government by \$68,600, when compared to FY 2021. Fiscal year 2021 also saw a decrease of the Corporation's payable to primary state government in the amount of \$54,900 when compared to 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, 2022 and 2021

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, 2022 and 2021

Condensed Statements of Activities and Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues:			
Administrative fees	\$ 2,356,167	\$ 2,542,465	\$ 2,376,665
Interest earned on loans receivable	<u>13,497</u>	<u>15,602</u>	<u>15,718</u>
Total operating revenues	<u>2,369,664</u>	<u>2,558,067</u>	<u>2,392,383</u>
Operating expenses:			
Administrative	1,118,689	1,195,165	1,371,295
Grants	528,495	540,003	-
Depreciation	<u>109,181</u>	<u>16,770</u>	<u>9,924</u>
Total operating expenses	<u>1,756,365</u>	<u>1,751,938</u>	<u>1,381,219</u>
Operating income	<u>613,299</u>	<u>806,129</u>	<u>1,011,164</u>
Non-operating revenues (expenses):			
Interest income	22,271	6,606	115,351
Other income	27,914	13,181	76,240
Interest Income	(14,967)	-	-
Loss on disposal of capital assets	-	(2,214)	(710)
Payment to primary state government	<u>(257,613)</u>	<u>(677,945)</u>	<u>(770,945)</u>
Total non-operating revenues (expenses)	<u>(222,395)</u>	<u>(660,372)</u>	<u>(580,064)</u>
Increase in net position	390,904	145,757	431,100
Net position, at beginning of year	<u>8,685,813</u>	<u>8,540,056</u>	<u>8,108,956</u>
Net position, at end of year	<u>\$ 9,076,717</u>	<u>\$ 8,685,813</u>	<u>\$ 8,540,056</u>

The 2022 and 2021 presentations reflect the implementation of GASB 87 *Leases*. The statement was not applicable for the 2020 presentation and therefore does not contain a right to use asset or lease liability.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2022 and 2021

Revenues

Administrative Fees

During FY 2022 the Corporation saw a decrease in both administrative fee revenues collected from public school districts, in the amount of \$80,100 or 26%, and administrative fee revenues collected from all other borrowers, in the amount of \$106,200 or 5%. As a result, total administrative fee revenue decreased \$186,300 or 7% for FY 2022. The fees collected from school districts are restricted for the purpose of funding limited personnel expenses of the School Building Authority. For FY 2021, total administrative fee revenue increased \$165,800 or 7%. The increase was due to a \$231,300 or 322% increase in the amount of administrative fee revenues the Corporation collects from public school districts, despite a \$65,500 or 3% decrease in the administrative fee revenues collected from all other borrowers.

Interest Income

Due to increases in interest rates that began in January 2022, the Corporation's investment income increased \$15,700 or 237% for FY 2022. For FY 2021 investment income decreased \$108,700 or 94% due to a decrease in the interest rate on the Corporation's investments.

Expenses

Administrative

Administrative expenses decreased \$76,500 or 6% during FY 2022 primarily due to the Corporation's implementation of GASB 87. This statement changes the way leases are reported by government entities by recognizing the lease as an intangible asset and amortizing over the useful life. The Corporation reported \$93,000 rent expense for FY 2021 and \$101,500 of lease amortization as depreciation for FY 2022. For FY 2021 administrative expenses decreased \$176,100 or 13% primarily due to a combined decrease in both legal counsel and financial consultant fees of \$216,300.

Grants

The Corporation's board of directors approved over \$2M of grants to eligible institutions over fiscal years 2022 and 2021. The Corporation has paid \$528,500 and \$540,000 to the awardees during FY's 2022 and 2021, respectively.

Payments to the State

The Corporation is required to make quarterly payments to the State of Rhode Island's general fund to support limited personnel expenses of the School Building Authority. The Corporation's quarterly payments totaled \$257,600 for FY 2022, a decrease of 62% over FY 2021 due to the State budget shifting \$500,000 of expenses from the Corporation to the State's general revenues.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2022 and 2021

For FY 2021, the Corporation's quarterly payments totaled \$677,900, a decrease of 12% over FY 2020.

CONDUIT DEBT

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Bonds Payable	\$ <u>3,283,743,440</u>	\$ <u>3,245,802,569</u>	\$ <u>3,120,492,448</u>

The Corporation issued \$492,555,569 of conduit debt during FY 2022. Of that amount, approximately \$299,752,867 was issued to finance new projects and \$192,802,702 was issued to refund prior bonds.

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.

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

FACTORS AFFECTING FUTURE OPERATIONS

The Corporation's financing activity has not been significantly affected by the COVID 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. Currently, the Corporation has no outstanding loans from this program. During FY 2022 the Corporation saw an 8% 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, 2022 and 2021

	<u>Assets</u>	
	<u>2022</u>	(restated) <u>2021</u>
Current Assets:		
Cash and equivalents	\$ 8,356,917	\$ 7,835,840
Restricted cash and equivalents	200,836	250,085
Current portion of loans receivable	45,255	44,123
Accounts receivable	75,701	178,400
Prepaid expenses	<u>104,714</u>	<u>66,496</u>
Total Current Assets	<u>8,783,423</u>	<u>8,374,944</u>
Non-Current Assets:		
Loans receivable, net of current portion	463,197	508,452
Capital assets, net	<u>417,054</u>	<u>526,235</u>
Total Non-Current Assets	<u>880,251</u>	<u>1,034,687</u>
Total Assets	<u>\$ 9,663,674</u>	<u>\$ 9,409,631</u>
	<u>Liabilities and Net Position</u>	
Current Liabilities:		
Accrued expenses	\$ 73,722	\$ 56,248
Current portion of lease liability	96,846	85,748
Due to primary state government	<u>99,702</u>	<u>168,289</u>
Total Current Liabilities	<u>270,270</u>	<u>310,285</u>
Non-Current Liability:		
Lease liability, net of current portion	<u>316,687</u>	<u>413,533</u>
Total Liabilities	<u>586,957</u>	<u>723,818</u>
Net Position:		
Net investment in capital assets	3,521	26,954
Restricted for payments to primary state government	200,836	250,085
Unrestricted	<u>8,872,360</u>	<u>8,408,774</u>
Total Net Position	<u>9,076,717</u>	<u>8,685,813</u>
Total Liabilities and Net Position	<u>\$ 9,663,674</u>	<u>\$ 9,409,631</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 Activities and Changes in Net Position

For the Years Ended June 30,

	<u>2022</u>	(restated) <u>2021</u>
Operating Revenues:		
Administrative fees	\$ 2,356,167	\$ 2,542,465
Interest earned on loans receivable	<u>13,497</u>	<u>15,602</u>
Total Operating Revenues	<u>2,369,664</u>	<u>2,558,067</u>
Operating Expenses:		
Administrative	1,118,689	1,195,165
Grants	528,495	540,003
Depreciation	<u>109,181</u>	<u>16,770</u>
Total Operating Expenses	<u>1,756,365</u>	<u>1,751,938</u>
Operating Income	613,299	806,129
Non-Operating Revenues (Expenses):		
Interest income	22,271	6,606
Other income	27,914	13,181
Interest expense	(14,967)	-
Loss on disposal of capital assets	-	(2,214)
Payment to primary state government	<u>(257,613)</u>	<u>(677,945)</u>
Total Non-Operating Revenues (Expenses)	<u>(222,395)</u>	<u>(660,372)</u>
Increase in Net Position	390,904	145,757
Net Position, Beginning of Year	<u>8,685,813</u>	<u>8,540,056</u>
Net Position, End of Year	<u>\$ 9,076,717</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>2022</u>	(restated) <u>2021</u>
Cash Flows from Operating Activities:		
Cash received from institutions for administrative fees	\$ 2,458,866	\$ 2,490,027
Cash received from collections on loans receivable	44,123	117,541
Cash received from interest earned on loans receivable	13,497	15,602
Cash received from other sources	27,914	13,181
Payment to grantees	(528,495)	(540,003)
Payment of employees for services	(502,309)	(456,212)
Payment to suppliers for goods and services	<u>(637,124)</u>	<u>(754,665)</u>
Net Cash Provided by Operating Activities	<u>876,472</u>	<u>885,471</u>
Cash Flow from Non-Capital Financing Activity:		
Payment to primary state government	<u>(326,200)</u>	<u>(732,878)</u>
Cash Flow from Capital and Related Financing Activity:		
Interest expense	(14,967)	-
Payments on lease obligations	(85,748)	(8,333)
Purchase of capital assets	<u>-</u>	<u>(12,362)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(100,715)</u>	<u>(20,695)</u>
Cash Flows from Investing Activity:		
Net investment income	<u>22,271</u>	<u>6,606</u>
Net Increase in Cash and Equivalents	471,828	138,504
Cash and Equivalents, at Beginning of Year	<u>8,085,925</u>	<u>7,947,421</u>
Cash and Equivalents, at End of Year	<u>\$ 8,557,753</u>	<u>\$ 8,085,925</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 613,299	\$ 806,129
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	109,181	16,770
Other income	27,914	13,181
Changes in assets and liabilities:		
Accounts receivable	102,699	(52,438)
Prepaid expenses	(38,218)	1,350
Loans receivable	44,123	117,541
Accrued expenses	<u>17,474</u>	<u>(17,062)</u>
Net Cash Provided by Operating Activities	<u>\$ 876,472</u>	<u>\$ 885,471</u>
Cash and cash equivalents are comprised of the following:		
Cash and equivalents	\$ 8,356,917	\$ 7,835,840
Restricted cash and equivalents	<u>200,836</u>	<u>250,085</u>
	<u>\$ 8,557,753</u>	<u>\$ 8,085,925</u>
Non-Cash Transaction:		
Lease building and related liability	\$ -	\$ 507,614

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 Private-Purpose Trust Fund

June 30, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and equivalents	\$ 20,351,031	\$ 33,797,144
Current portion loans receivable	434,448	434,448
Due from other funds	694	365,015
Due from primary state government	13,375,633	-
Accrued interest receivable	<u>1,506</u>	<u>15,220</u>
Total Current Assets	<u>34,163,312</u>	<u>34,611,827</u>
Non-Current Asset:		
Loans receivable, net of current portion	<u>468,617</u>	<u>903,062</u>
Total Assets	<u>\$ 34,631,929</u>	<u>\$ 35,514,889</u>

Liabilities and Net Position

Current Liabilities:		
Due to Rhode Island Health and Educational Building Corporation	\$ -	\$ 32,343
Due to local governments	-	1,011,102
Project costs payable	19,493,559	4,352,688
Due to other funds	<u>694</u>	<u>365,015</u>
Total Liabilities	<u>19,494,253</u>	<u>5,761,148</u>
Net Position:		
Restricted:		
Held for authorized projects	14,747,500	4,883,963
Available for future projects	<u>390,176</u>	<u>24,869,778</u>
Total Net Position	<u>15,137,676</u>	<u>29,753,741</u>
Total Liabilities and Net Position	<u>\$ 34,631,929</u>	<u>\$ 35,514,889</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 Private-Purpose Trust Fund

For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>
Additions:		
State appropriations	\$ 118,350,102	\$ 94,980,123
Interest earned on loans receivable	22,031	26,719
Investment earnings:		
Interest income	<u>10,529</u>	<u>4,193</u>
Total Additions	118,382,662	95,011,035
Deductions:		
Housing aid	56,089,159	58,040,916
Project cost grants	76,903,847	21,517,942
Administrative expenses	<u>5,721</u>	<u>-</u>
Total Deductions	<u>132,998,727</u>	<u>79,558,858</u>
Increase (Decrease) in Fiduciary Net Position	(14,616,065)	15,452,177
Net Position, at Beginning of Year	<u>29,753,741</u>	<u>14,301,564</u>
Net Position, at End of Year	<u>\$ 15,137,676</u>	<u>\$ 29,753,741</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, 2022 and 2021

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

Throughout 2022 and 2021, the State of Rhode Island was under a state of emergency due to COVID-19. COVID-19 crisis has created volatility in the financial markets and uncertainty in the overall economy. Management continues to take steps, such as reducing discretionary expenses, in order to mitigate the effect on operations.

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 private-purpose trust funds which are administered through a trust which the Corporation is not a beneficiary, dedicated to providing benefits to the recipients in accordance with the benefit terms, and legally protected from the creditors 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, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies - Continued

Fiduciary Funds – continued

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

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. Since its inception, the SBACF has made grants to LEAs for technical assistance and guidance on the Necessity of School Construction application process; COVID-19 related projects that mitigate the impact of the virus and promote a healthy learning environment; and beginning in 2022 the Facility Equity Initiative to create facility equity between Rhode Island students. 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.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2022 and 2021

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 payments to the primary state government.

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 consist 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, 2022 and 2021

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.

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, 2022 and 2021.

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, the work has been completed, but has not been requisitioned by the grant 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, 2022 and 2021

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 leave is included in accrued expenses at June 30, 2022 and 2021. 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, 2022 and 2021, compensated absences totaled approximately \$29,500 and \$23,500, respectively.

Balance at at June 30, 2021	Additions	Retirements	Balance at at June 30, 2022
\$ 23,500	\$ 17,200	\$ 11,200	\$ 29,500

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.

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, 2022 and 2021

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.

Future Governmental Accounting Pronouncements

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.

GASB Statement 96 – *Subscription-Based Information Technology Arrangements (SBITA)* is effective for reporting periods beginning after June 15, 2022. The objective of this statement is to provide accounting and financial reporting guidance for transactions in which a governmental entity contracts with another party for the right to use their software. A right-to-use asset and a corresponding liability would be recognized for SBITAs.

GASB Statement 99 – *Omnibus 2022* has multiple effective dates. The objective of this statement is to clarify differences among leases, PPP and SBITA (which is effective for reporting periods after June 15, 2022) and reporting requirements for financial guarantees and derivative investments (which is effective for reporting periods after June 15, 2023).

GASB Statement 100 – *Accounting Changes and Error Corrections – an amendment of GASB 62* is effective for reporting periods beginning after June 15, 2023. The objective of this statement is to provide consistency for changes in accounting principles, accounting estimates, and the reporting entity and corrections of errors.

GASB Statement 101 – *Compensated Absences* is effective for reporting periods beginning after December 15, 2023. The objective of this statement is to update the recognition and measurement for compensated absences.

Management has not completed its review of the requirements of these standards and their applicability.

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

Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 2 - Implementation of Newly Effective Accounting Standard

As of July 1, 2020, the Corporation implemented GASB 87, *Leases*. GASB 87 enhances the consistency for leasing activities and establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

There was no change in net position as of the implementation date of GASB 87 (July 1, 2020) because their only lease expired less than twelve months after the implementation date of GASB 87. An exclusion exists for short term leases not to be recognized on the Statement of Net Position. During 2021, the Corporation entered into a new lease agreement with a right to use assets and offsetting lease liability of \$507,614.

The prior period adjustment due to implementation of GASB 87 as of and for the year ended June 30, 2021 is as follows:

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
As of June 30, 2021:			
Right of use asset	\$ -	499,281	\$ 499,281
Lease liability	\$ -	499,281	\$ 499,281
Year Ended June 30, 2021:			
Depreciation expense	\$ 8,437	8,333	\$ 16,770
Administrative expenses	\$ 1,203,498	(8,333)	\$ 1,195,165

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2022 and 2021

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. At June 30, 2022 and 2021, the bond issues and leases outstanding are as follows:

<u>Institution</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 06/30/2022</u>	<u>Outstanding Principal at 06/30/2021</u>
International Institute of RI, Inc.	2003	08/01/2033	\$ 1,210,000	\$ 1,300,000
Brown University, Series B	2003	09/01/2043	38,505,000	39,080,000
Meeting Street Center	2005	06/01/2035	3,800,000	4,485,000
Brown University, Series A	2005	05/01/2035	85,500,000	85,500,000
Public Schools Revenue Bonds, Series A	2007	05/15/2027	175,000	210,000
NRI Community Services, Inc.	2007	06/01/2037	2,155,000	2,255,000
Public Schools Revenue Bonds, Series B	2007	05/15/2027	490,000	570,000
CVS-Highlander Charter School	2007	09/01/2037	2,825,000	2,955,000
Public Schools Revenue Bonds, Series D	2007	11/15/2027	1,880,000	2,150,000
The Learning Community Charter School	2007	02/01/2038	2,759,000	2,877,000
Rhode Island School of Design, Series A & B	2008	08/15/2036	-	71,670,000
Bryant University	2008	06/01/2035	40,360,000	42,375,000
Roger Williams University, Series A	2008	11/15/2024	5,115,000	6,700,000
New England Institute of Technology	2008	03/01/2034	6,020,000	6,970,000
Public Schools Revenue Bonds, Series B	2008	05/15/2029	140,000	210,000
Roger Williams University, Series B	2008	11/15/2038	28,020,000	29,130,000
Board of Governors, Series B	2008	09/15/2034	3,830,000	3,830,000
Board of Governors, Series B	2009	09/15/2029	11,380,000	12,130,000
Providence Public Building Authority, Series A	2009	06/15/2025	4,560,000	6,040,000
Board of Governors, Series A	2010	09/15/2040	18,170,000	18,785,000
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	1,688,458	1,895,208
Public Schools Revenue Bonds, Series C	2010	05/15/2026	1,450,000	1,750,000
Public Schools Revenue Bonds, Series D	2010	05/15/2025	1,063,000	1,387,000
Public Schools Revenue Bonds, Series E	2010	05/15/2025	2,094,000	2,733,000
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
The Providence Community Health Centers, Inc., Series A	2010	06/01/2037	8,157,727	8,576,685
Roger Williams University	2011	11/15/2024	8,696,407	10,008,854
The Compass School, Series A & C	2011	06/28/2027	725,001	870,001

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 3 - Conduit Debt - Continued

<u>Institution</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 06/30/2022</u>	<u>Outstanding Principal at 06/30/2021</u>
Blackstone Valley Community Health Care, Inc., Series A	2011	08/01/2041	\$ 5,091,918	\$ 5,255,991
Brown University, Series A	2011	09/01/2032	-	33,780,000
Steere House	2011	09/01/2036	3,731,000	3,923,000
Roger Williams University, Series B	2011	12/15/2029	6,275,000	6,915,000
Salve Regina University	2011	06/15/2031	12,245,000	13,555,000
Providence College	2012	11/01/2041	-	31,475,000
Immaculate Conception Catholic Regional School	2012	03/16/2032	3,168,750	3,493,750
Rhode Island School of Design	2012	06/01/2031	1,620,000	2,410,000
Seven Hills Rhode Island, Inc., Series A	2012	05/31/2042	-	824,635
Rhode Island Blood Center	2012	09/29/2028	-	7,137,120
Brown University	2012	09/01/2022	60,600,000	118,240,000
Rhode Island School of Design, Series B	2012	08/15/2035	6,925,000	9,005,000
Public Schools Revenue Bonds, Series B	2012	05/15/2032	9,020,000	9,760,000
Providence College, Series B & C	2012	11/01/2024	13,315,000	17,330,000
Scandinavian Home	2013	04/01/2040	3,261,449	3,387,678
Public Schools Revenue Bonds, Series B	2013	05/15/2033	5,275,000	6,100,000
Board of Education, Series A - D	2013	09/15/2024	12,510,000	17,485,000
Public Schools Revenue Bonds, Series D	2013	05/15/2033	2,360,000	2,575,000
Seven Hills Rhode Island, Inc.	2013	06/21/2043	-	983,831
Public Schools Revenue Bonds, Series E	2013	05/15/2028	300,000	355,000
Providence Public Building Authority, Series A	2013	05/15/2024	8,320,000	12,770,000
Brown University	2013	09/01/2043	117,645,000	120,945,000
Public Schools Revenue Bonds, Series H	2013	05/15/2034	7,885,000	8,380,000
Public Schools Revenue Bonds, Series I	2013	11/15/2021	-	245,000
Public Schools Revenue Bonds, Series J	2013	05/15/2020	-	250,000
Public Schools Revenue Bonds, Series I	2013	11/15/2023	2,290,000	3,355,000
Bryant University	2014	06/01/2044	-	41,100,000
Public Schools Revenue Bonds, Series A	2014	05/15/2034	2,830,000	3,810,000
Public Schools Revenue Bonds, Series B	2014	05/15/2034	2,250,000	2,400,000
St. George's School, Series A - C	2014	09/01/2044	-	36,490,039

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 3 - Conduit Debt - Continued

<u>Institution</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 06/30/2022</u>	<u>Outstanding Principal at 06/30/2021</u>
Roger Williams University	2014	10/15/2035	\$ 11,258,431	\$ 11,912,645
Newport Hospital	2014	07/01/2029	11,832,000	13,129,000
Public Schools Revenue Bonds, Series C	2014	05/15/2034	5,480,000	5,830,000
Child and Family Services of Newport County	2015	04/30/2043	6,119,323	6,421,679
Salve Regina University, Series A - C	2015	05/01/2045	22,333,377	23,138,329
Providence Public Building Authority, Series A	2015	05/15/2028	83,530,000	96,235,000
Mercymount Country Day School	2015	05/01/2035	2,789,590	2,789,590
Providence College	2015	11/01/2045	34,195,000	36,350,000
South County Hospital Healthcare System	2015	09/15/2033	30,110,000	32,595,000
New England Institute of Technology	2015	09/01/2045	50,730,017	52,493,902
Public Schools Revenue Bonds, Series B	2015	05/15/2036	3,510,000	3,700,000
Saint Philomena School	2015	04/01/2035	1,341,949	1,428,900
Johnson & Wales University	2015	10/01/2030	18,288,246	20,104,773
Tamarisk, Inc.	2015	10/01/2040	7,538,870	7,837,418
Brown University	2015	09/01/2045	37,645,000	39,010,000
Bishop Hendricken High School, Series A & B	2015	04/01/2035	3,796,928	4,035,267
Providence Public Building Authority, Series B	2015	05/15/2035	7,530,000	7,985,000
Saint Elizabeth Home, East Greenwich	2015	12/01/2045	11,925,815	12,226,290
Public Schools Revenue Bonds, Series C - E	2015	05/15/2036	12,475,000	14,545,000
Moses Brown School, Series A & B	2016	06/01/2046	18,117,326	18,671,409
Public Schools Revenue Bonds, Series A	2016	05/15/2029	54,300,000	62,115,000
Lifespan Obligated Group	2016	05/15/2039	182,970,000	197,880,000
Public Schools Revenue Bonds, Series B & C	2016	05/15/2036	5,000,000	5,490,000
Care New England, Series B	2016	09/01/2036	120,125,000	125,750,000
The Frassati Residence	2016	11/01/2029	4,009,944	4,466,747
Council on Postsecondary Education, Series A - C	2016	09/15/2036	74,325,000	77,765,000
Roger Williams University, Series A & B	2016	11/15/2031	5,111,225	5,573,980
New England Institute of Technology	2017	03/01/2040	30,350,869	31,626,374
Public Schools Revenue Bonds, Series A	2017	05/15/2034	49,270,000	52,255,000
Providence College	2017	11/01/2047	46,415,000	46,415,000
Public Schools Revenue Bonds, Series B	2017	05/15/2027	10,675,000	11,955,000

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 3 - Conduit Debt - Continued

<u>Institution</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 06/30/2022</u>	<u>Outstanding Principal at 06/30/2021</u>
Public Schools Revenue Bonds, Series C	2017	05/15/2027	\$ 55,905,000	\$ 57,710,000
Public Schools Revenue Bonds, Series D	2017	05/15/2037	7,840,000	8,240,000
Public Schools Revenue Bonds, Series E	2017	05/15/2037	18,345,000	19,645,000
Public Schools Revenue Bonds, Series F	2017	05/15/2038	16,330,000	17,365,000
Brown University, Series A	2017	09/01/2047	141,125,000	141,125,000
Public Schools Revenue Bonds, Series G	2017	05/15/2042	30,360,000	31,275,000
Public Schools Revenue Bonds, Series H	2017	05/15/2038	4,325,000	4,505,000
Council on Postsecondary Education, Series A - D	2017	09/15/2047	120,560,000	122,435,000
Public Schools Revenue Bonds, Series I & J	2017	05/15/2032	12,195,000	13,505,000
Meeting Street, Series A	2017	12/01/2047	14,481,724	14,830,209
Public Schools Revenue Bonds, Series A	2018	05/15/2038	4,070,000	4,245,000
Public Schools Revenue Bonds, Series B	2018	05/15/2038	16,650,000	17,350,000
Rhode Island School of Design	2018	08/15/2048	54,950,000	54,950,000
Ocean State Assisted Living	2018	11/01/2031	7,221,000	7,701,000
Roger Williams University	2018	11/15/2039	-	8,462,465
St. Andrew's School, Series A & B	2018	07/01/2048	17,451,246	15,909,867
Council on Postsecondary Education, Series A & B	2018	09/15/2038	17,870,000	18,540,000
South County Hospital Healthcare System	2018	12/01/2028	8,206,250	9,468,750
Meeting Street	2018	12/01/2047	4,786,569	4,929,558
Achievement First Rhode Island, Inc., Series A & B	2019	02/01/2045	-	9,137,637
Public Schools Revenue Bonds, Series A	2019	05/15/2042	38,730,000	39,905,000
Blackstone Valley Prep	2019	05/01/2049	15,139,072	15,433,910
Saint Raphael Academy	2019	05/01/2049	-	3,010,938
Mount Saint Charles Academy	2019	05/01/2040	3,445,504	3,570,627
Trinity Academy for the Performing Arts	2019	06/01/2050	6,297,386	6,401,134
Public Schools Revenue Bonds, Series B	2019	05/15/2039	16,700,000	17,350,000
Providence Public Building Authority, Series A	2019	05/15/2039	17,955,000	18,630,000
Brown University, Series A	2019	09/01/2029	54,560,000	54,560,000
Kingston Hill Academy	2019	08/01/2051	6,114,750	6,200,000
Public Schools Revenue Bonds, Series C	2019	05/15/2041	4,815,000	5,070,000
Public Schools Revenue Bonds, Series D	2019	05/15/2039	5,235,000	5,445,000

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 3 - Conduit Debt - Continued

<u>Institution</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Outstanding Principal at 06/30/2022</u>	<u>Outstanding Principal at 06/30/2021</u>
The Compass School	2019	10/01/2049	\$ 3,693,280	\$ 3,828,400
HopeHealth Hospice & Palliative Care	2019	11/01/2049	10,401,031	10,638,257
Roger Williams University	2019	11/15/2028	10,682,491	12,193,087
Bryant University	2019	12/06/2031	14,027,790	15,356,380
Public Schools Revenue Bonds, Series A	2020	05/15/2040	3,485,000	3,680,000
Portsmouth Abbey School, Series A - D	2020	06/01/2050	14,012,533	14,779,736
Public Schools Revenue Bonds, Series B	2020	05/15/2040	55,460,000	57,450,000
Public Schools Revenue Bonds, Series C	2020	05/15/2040	6,160,000	6,400,000
Public Schools Revenue Bonds, Series D	2020	05/15/2037	27,740,000	28,545,000
Rhode Island School of Design	2020	08/15/2035	52,390,000	52,905,000
Blackstone Valley Prep, Series A & B	2021	03/01/2051	15,562,287	15,880,519
Public Schools Revenue Bonds, Series A & B	2021	05/15/2042	12,775,000	12,840,000
Public Schools Revenue Bonds, Series C	2021	05/15/2033	17,920,000	17,920,000
Public Schools Revenue Bonds, Series D	2021	05/15/2041	100,690,000	100,690,000
Providence College, Series A	2021	11/01/2050	19,585,000	19,585,000
Public Schools Revenue Bonds, Series F	2021	05/15/2041	124,470,000	124,470,000
Public Schools Revenue Bonds, Series E	2021	05/15/2031	10,020,000	11,205,000
Providence College, Series B	2021	11/01/2041	25,265,000	-
Public Schools Revenue Bonds, Series G	2021	05/15/2043	8,980,000	-
St. George's School	2021	10/01/2051	44,300,000	-
Rhode Island School of Design, Series A & B	2021	08/15/2036	75,030,000	-
Public Schools Revenue Bonds, Series H	2021	05/15/2042	35,985,000	-
Bryant University	2021	06/01/2044	44,065,000	-
Public Schools Revenue Bonds, Series A	2022	05/15/2042	30,235,000	-
Public Schools Revenue Bonds, Series B	2022	05/15/2041	23,830,000	-
Roger Williams University	2022	11/15/2039	8,700,000	-
Public Schools Revenue Bonds, Series C	2022	05/15/2047	98,500,000	-
Achievement First Rhode Island, Inc., Series A - C	2022	04/01/2052	53,249,907	-
Public Schools Revenue Bonds, Series D	2022	05/15/2038	5,950,000	-
Public Schools Revenue Bonds, Series E	2022	05/15/2045	19,510,000	-
			<u>\$ 3,283,743,440</u>	<u>\$ 3,245,802,569</u>

**RHODE ISLAND HEALTH AND EDUCATIONAL
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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

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, 2022 pursuant to this statutory provision.

At June 30, 2022 and 2021, the carrying amounts of the Corporation's cash and equivalents were approximately \$8,558,000 and \$8,086,000, respectively, and bank balances were approximately \$8,559,000 and \$8,100,000, 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 \$8,558,000 and \$8,086,000, respectively, approximately \$7,929,000 and \$503,000 at June 30, 2022 and 2021, 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, 2022 and 2021

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, 2022 and 2021, approximately \$630,000 and \$7,504,000 were covered by federal depository insurance and other specific deposit insurance. The remaining amount of approximately \$7,929,000 and \$596,000 was uninsured and uncollateralized at June 30, 2022 and 2021, respectively.

Fiduciary Activities

At June 30, 2022 and 2021, the carrying amounts and bank balances of the fiduciary funds’ cash and equivalents were approximately \$20,351,000 and \$33,797,000, 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, 2022 and 2021, \$0, was covered by federal depository insurance.

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

2022			
Money market mutual funds	Maturity in Days	Credit Ratings	Fair Value
First American US Treasury Money Market Class V (#3702)	48	Aaa-mf	<u>\$ 20,351,031</u>
2021			
Money market mutual funds	Maturity in Days	Credit Ratings	Fair Value
First American US Treasury Money Market Class V (#3702)	48	Aaa-mf	<u>\$ 33,797,144</u>

**RHODE ISLAND HEALTH AND EDUCATIONAL
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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 5 - Loans Receivable

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

	<u>2022</u>	<u>2021</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.	\$ 508,452	\$ 552,575
Less: Current Portion	<u>45,255</u>	<u>44,123</u>
Non-Current Loans Receivable	<u>\$ 463,197</u>	<u>\$ 508,452</u>

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

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 private-purpose trust 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>2022</u>	<u>2021</u>
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.	\$ 732,215	\$ 1,098,321
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>170,850</u>	<u>239,189</u>
Total SBACF Loans Receivable	903,065	1,337,510
Less: Current Portion	<u>434,448</u>	<u>434,448</u>
Non-Current SBACF Loans Receivable	<u>\$ 468,617</u>	<u>\$ 903,062</u>

**RHODE ISLAND HEALTH AND EDUCATIONAL
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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2022 is as follows:

	Estimated Lives (<u>in years</u>)	(Restated) Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Capital Assets:					
Office Equipment	5	\$ 14,854	\$ -	\$ -	\$ 14,854
Computer Equipment	5	41,729	-	-	41,729
Furniture and Fixtures	5-10	83,071	-	-	83,071
Leased Building	5	<u>507,614</u>	<u>-</u>	<u>-</u>	<u>507,614</u>
Total Capital Assets		<u>647,268</u>	<u>-</u>	<u>-</u>	<u>647,268</u>
Less: Accumulated Depreciation					
Office Equipment		14,854	-	-	14,854
Computer Equipment		18,256	7,124	-	25,380
Furniture and Fixtures		79,590	408	-	79,998
Leased Building		<u>8,333</u>	<u>101,649</u>	<u>-</u>	<u>109,982</u>
Total Accumulated Depreciation		<u>121,033</u>	<u>109,181</u>	<u>-</u>	<u>230,214</u>
Capital Assets, Net		<u>\$526,235</u>	<u>\$(109,181)</u>	<u>\$ -</u>	<u>\$417,054</u>

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 7 - Capital Assets - Continued

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

	Estimated Lives (in years)	Beginning Balance	(Restated) Additions	Retirements	(Restated) 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	105,618	-	(22,547)	83,071
Leased Building	5	<u>-</u>	<u>507,614</u>	<u>-</u>	<u>507,614</u>
Total Capital Assets		<u>157,219</u>	<u>519,976</u>	<u>(29,927)</u>	<u>647,268</u>
Office Equipment		13,369	1,485	-	14,854
Computer Equipment		16,880	6,542	(5,166)	18,256
Furniture and Fixtures		101,727	410	(22,547)	79,590
Leased Building		<u>-</u>	<u>8,333</u>	<u>-</u>	<u>8,333</u>
Total Accumulated Depreciation		<u>131,976</u>	<u>16,770</u>	<u>(27,713)</u>	<u>121,033</u>
Capital Assets, Net		<u>\$ 25,243</u>	<u>\$ 503,206</u>	<u>\$ (2,214)</u>	<u>\$526,235</u>

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 8 - Long-Term Liability

Long-term liabilities for the Corporation for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>					
	<u>(restated)</u> <u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>	<u>Non-Current</u> <u>Portion</u>
Lease liability	\$ 499,281	\$ -	\$ 85,748	\$ 413,533	\$ 96,846	\$ 316,687

	<u>2021</u>					
	<u>(restated)</u> <u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>(restated)</u> <u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>	<u>Non-Current</u> <u>Portion</u>
Lease liability	\$ -	\$ 507,614	\$ 8,333	\$ 499,281	\$ 85,748	\$ 413,533

Lease Liability

A summary of the Corporation's leases at June 30, are as follows:

					6/30/2022	FY 2022
<u>Description</u>	<u>Date</u>	<u>Terms</u>	<u>Payment</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Lease</u> <u>Liability</u>	<u>Additional</u> <u>Outflows</u>
33 Broad Street	6/1/2021	60	variable	3.50%	\$ 413,533	\$ -

					6/30/2021	FY 2021
<u>Description</u>	<u>Date</u>	<u>Terms</u>	<u>Payment</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Lease</u> <u>Liability</u>	<u>Additional</u> <u>Outflows</u>
33 Broad Street	6/1/2021	60	variable	3.50%	\$ 499,281	\$ -

On June 1, 2021, the Corporation entered into a five-year lease agreement for office space. The lease can be renewed for an additional 5 years, but management is unsure the Corporation will be renewing the lease for an additional term. Payments are due monthly. The lease payment at inception was \$8,333, which is adjusted annually by the greater of 3% or a number equal to the percentage increase in the Consumer Price Index over a 12-month period. The Corporation's incremental borrowing rate for a transaction with similar attributes was used to discount the lease payments to recognize the intangible right to use this asset and the associated lease liability.

**RHODE ISLAND HEALTH AND EDUCATIONAL
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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 8 - Long-Term Liability - Continued

Lease Liability - continued

Annual requirements to amortize the lease liability and related interest subsequent to June 30, 2022 are as follows:

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 96,846	\$ 12,010
2024	103,197	8,766
2025	108,239	5,340
2026	<u>105,251</u>	<u>5,275</u>
	<u>\$ 413,533</u>	<u>\$ 31,391</u>

Note 9 - 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, 2022 and 2021, remaining commitments on existing Subsidies expiring through 2024 aggregate approximately \$13,500 and \$24,300, respectively.

School Housing Aid – Private-Purpose Trust 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.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 9 - Commitments and Contingencies - Continued

School Building Authority Capital Fund – Private-Purpose Trust Fund

Grants awarded in fiscal year 2022 and cumulative unspent balances available for draw as of June 30, 2022 are as follows:

	Awarded in Fiscal 2022				Cumulative Balances Available			
	<u>Total</u>	<u>COVID</u>	<u>Technical Assistance</u>	<u>Facility Equity Initiative</u>	<u>Total</u>	<u>COVID</u>	<u>Technical Assistance</u>	<u>Facility Equity Initiative</u>
Bristol-Warren	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000	\$ -
Central Falls	3,590,870	-	-	3,590,870	2,908,902	-	-	2,908,902
East Greenwich	-	-	-	-	71,569	-	71,569	-
East Providence	-	-	-	-	156,388	156,388	-	-
Pawtucket	4,355,836	-	-	4,355,836	4,355,836	-	-	4,355,836
Providence	4,453,002	-	-	4,453,002	5,882,247	1,429,245	-	4,453,002
PVD Prep	50,000	-	50,000	-	27,025	-	27,025	-
RI Nurses Institute	-	-	-	-	50,000	-	50,000	-
West Warwick	492,654	-	-	492,654	492,654	-	-	492,654
Woonsocket	500,000	-	-	500,000	649,879	149,879	-	500,000
YouthBuild Academy	50,000	-	50,000	-	3,000	-	3,000	-
	<u>\$ 13,492,362</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 13,392,362</u>	<u>\$ 14,747,500</u>	<u>\$ 1,735,512</u>	<u>\$ 301,594</u>	<u>\$ 12,710,394</u>

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 9 - Commitments and Contingencies - Continued

School Building Authority Capital Fund – Private Purpose Trust Fund - continued

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

	Awarded in Fiscal 2021				Cumulative Balances Available			
	Total	COVID	Technical Assistance	Facility Equity Initiative	Total	COVID	Technical Assistance	Facility Equity Initiative
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	-
Burrillville	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>\$ -</u>	<u>\$ 4,883,963</u>	<u>\$ 3,535,934</u>	<u>\$ 1,348,029</u>	<u>\$ -</u>

**RHODE ISLAND HEALTH AND EDUCATIONAL
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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 9 - 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 2022, the SBA awarded \$47,558,440 of PayGo funds to 13 of the State's LEAs. For fiscal year 2022, PayGo reported transfers from the state of \$53,298,984 and related project cost expenses of \$71,057,205. This amount reflected LEA project costs incurred during fiscal 2022, as approved and reported by the SBA.

During fiscal 2021, the SBA awarded \$4,928,640 of PayGo funds to 5 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.

Note 10 - 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, 2022 and 2021 as follows:

Self-Insurance

This designation was established to provide for the deductible exclusion for existing Corporation insurance policies. The Board designated \$1,000,000 of net position for self-insurance at June 30, 2022 and 2021.

Operating Reserves

This designation was established to provide for expenditures incurred as a result of operating contingencies. The Board designated \$2,500,000 and \$2,000,000 of net position for operating reserves at June 30, 2022 and 2021, respectively.

**RHODE ISLAND HEALTH AND EDUCATIONAL
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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 10 - 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 \$2,500,000 and \$1,500,000 of net position for financial assistance at June 30, 2022 and 2021, respectively.

School Building Authority

As disclosed in Note 11, 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, 2022 and 2021, the remaining portion of this designation was approximately \$1,900,000.

Grants Payable

The Corporation's Board of Directors has authorized the funding of grants to certain not-for-profit entities. The Board originally designated \$1,000,000 in 2021 for this purpose and designated approximately \$1,050,000 additional funds during 2022. The entire designation was awarded but approximately \$871,000 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 11 - Other Income

Other income for the years ended June 30, 2022 and 2021 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, 2022 and 2021

Note 12 - 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 \$49,211 and \$42,968, respectfully, for the fiscal years ended June 30, 2022 and 2021, respectively.

Note 13 - Contributions to State

In accordance with Rhode Island General Law Section 16-105-7, the Corporation was required to contribute \$257,613 and \$677,945 to the State of Rhode Island during the years ended June 30, 2022 and 2021, respectively, for limited personnel costs of the School Building Authority.

SUPPLEMENTARY INFORMATION

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Combining Statements of Fiduciary Net Position Private-Purpose Trust Fund

June 30, 2022

	<u>Assets</u>			
	<u>Housing Aid</u>	<u>SBACF</u>	<u>PayGo</u>	<u>Total</u>
Current Assets:				
Cash and equivalents	\$ 694	\$ 16,274,043	\$ 4,076,294	\$ 20,351,031
Current portion loans receivable	-	434,448	-	434,448
Due from other funds	-	694	-	694
Due from primary state government	-	-	13,375,633	13,375,633
Accrued interest receivable	-	1,506	-	1,506
Total Current Assets	<u>694</u>	<u>16,710,691</u>	<u>17,451,927</u>	<u>34,163,312</u>
Non-Current Asset:				
Loans receivable, net of current portion	-	468,617	-	468,617
Total Assets	<u>\$ 694</u>	<u>\$ 17,179,308</u>	<u>\$ 17,451,927</u>	<u>\$ 34,631,929</u>
	<u>Liability and Net Position</u>			
Current Liabilities:				
Project costs payable	\$ -	\$ 2,041,632	\$ 17,451,927	\$ 19,493,559
Due to other funds	694	-	-	694
Total Liabilities	<u>694</u>	<u>2,041,632</u>	<u>17,451,927</u>	<u>19,494,253</u>
Net Position:				
Restricted:				
Held for authorized projects	-	14,747,500	-	14,747,500
Available for future projects	-	390,176	-	390,176
Total Net Position	<u>-</u>	<u>15,137,676</u>	<u>-</u>	<u>15,137,676</u>
Total Liabilities and Net Position	<u>\$ 694</u>	<u>\$ 17,179,308</u>	<u>\$ 17,451,927</u>	<u>\$ 34,631,929</u>

See independent auditors' report on supplementation information.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Combining Statements of Fiduciary Net Position Private-Purpose Trust Fund

June 30, 2021

	<u>Assets</u>			
	<u>Housing</u>	<u>SBACF</u>	<u>PayGo</u>	<u>Total</u>
Current Assets:				
Cash and equivalents	\$ 1,408,460	\$ 10,415,477	\$ 21,973,207	\$ 33,797,144
Current portion loans receivable	-	434,448	-	434,448
Due from other funds	-	365,015	-	365,015
Accrued interest receivable	-	15,220	-	15,220
Total Current Assets	<u>1,408,460</u>	<u>11,230,160</u>	<u>21,973,207</u>	<u>34,611,827</u>
Non-Current Assets:				
Loans receivable, net of current portion	-	903,062	-	903,062
Total Assets	<u>\$ 1,408,460</u>	<u>\$ 12,133,222</u>	<u>\$ 21,973,207</u>	<u>\$ 35,514,889</u>
	<u>Liabilities and Net Position</u>			
Current Liabilities:				
Due to Rhode Island Health and Educational Building Corporation	\$ 32,343	\$ -	\$ -	\$ 32,343
Due to local governments	1,011,102	-	-	1,011,102
Project costs payable	-	135,567	4,217,121	4,352,688
Due to other funds	365,015	-	-	365,015
Total Liabilities	<u>1,408,460</u>	<u>135,567</u>	<u>4,217,121</u>	<u>5,761,148</u>
Net Position:				
Restricted:				
Held for authorized projects	-	4,883,963	-	4,883,963
Available for future projects	-	7,113,692	17,756,086	24,869,778
Total Net Position	<u>-</u>	<u>11,997,655</u>	<u>17,756,086</u>	<u>29,753,741</u>
Total Liabilities and Net Position	<u>\$ 1,408,460</u>	<u>\$ 12,133,222</u>	<u>\$ 21,973,207</u>	<u>\$ 35,514,889</u>

See independent auditors' report on supplementation information.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Combining Statements of Changes in Fiduciary Net Position Private-Purpose Trust Fund

For the Year Ended June 30, 2022

	<u>Housing Aid</u>	<u>SBACF</u>	<u>PayGo</u>	<u>Total</u>
Additions:				
State appropriations	\$ 56,089,159	\$ 8,961,959	\$ 53,298,984	\$ 118,350,102
Interest earned on loans receivable	-	22,031	-	22,031
Investment earnings:				
Interest income	694	7,700	2,135	10,529
Transfer from (to) other program	<u>(694)</u>	<u>694</u>	<u>-</u>	<u>-</u>
Total Additions	56,089,159	8,992,384	53,301,119	118,382,662
Deductions:				
Housing aid	56,089,159	-	-	56,089,159
Project cost grants	-	5,846,642	71,057,205	76,903,847
Administrative expenses	<u>-</u>	<u>5,721</u>	<u>-</u>	<u>5,721</u>
Total Deductions	<u>56,089,159</u>	<u>5,852,363</u>	<u>71,057,205</u>	<u>132,998,727</u>
Increase (Decrease) in Fiduciary Net Position	-	3,140,021	(17,756,086)	(14,616,065)
Net Position, at Beginning of Year	<u>-</u>	<u>11,997,655</u>	<u>17,756,086</u>	<u>29,753,741</u>
Net Position, at End of Year	<u>\$ -</u>	<u>\$15,137,676</u>	<u>\$ -</u>	<u>\$ 15,137,676</u>

See independent auditors' report on supplementation information.

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

**Combining Statements of Changes in Fiduciary Net Position
Private-Purpose Trust Fund**

For the Year Ended June 30, 2021

	<u>Housing</u>	<u>SBACF</u>	<u>PayGo</u>	<u>Total</u>
Additions:				
State appropriations	\$ 58,040,916	\$ 1,019,303	\$ 35,919,904	\$ 94,980,123
Interest earned on loans receivable	-	26,719	-	26,719
Investment earnings:				
Interest income	1,268	790	2,135	4,193
Transfer from (to) other program	<u>(1,268)</u>	<u>1,268</u>	<u>-</u>	<u>-</u>
Total Additions	<u>58,040,916</u>	<u>1,048,080</u>	<u>35,922,039</u>	<u>95,011,035</u>
Deductions:				
Housing aid	58,040,916	-	-	58,040,916
Project cost grants	<u>-</u>	<u>3,351,989</u>	<u>18,165,953</u>	<u>21,517,942</u>
Total Deductions	<u>58,040,916</u>	<u>3,351,989</u>	<u>18,165,953</u>	<u>79,558,858</u>
Increase (Decrease) in Fiduciary Net Position	-	(2,303,909)	17,756,086	15,452,177
Net Position, at Beginning of Year	<u>-</u>	<u>14,301,564</u>	<u>-</u>	<u>14,301,564</u>
Net Position, at End of Year	<u><u>\$ -</u></u>	<u><u>\$ 11,997,655</u></u>	<u><u>\$ 17,756,086</u></u>	<u><u>\$ 29,753,741</u></u>

See independent auditors' report on supplementation information.

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

Schedule of Travel, Entertainment and Educational Expenses

For the Year Ended June 30, 2022

**National Association of Health & Educational Facilities Finance Authorities - Milwaukee WI
September 8 - 10, 2021**

Attendee	Payee	Purpose	Date Paid	Amount Paid
Kim Mooers	Kim Mooers	Airfare, Lodging, Meals, Transportation	9/24/2021	<u>\$ 1,609.54</u>
		Total		\$ 1,609.54

**Greater Providence Chamber of Commerce: 2021 Economic Outlook Forum
September 30, 2021**

Attendee	Payee	Purpose	Date Paid	Amount Paid
Scott O'Malley	Scott O'Malley	Registration	9/24/2021	<u>\$ 40.00</u>
		Total		\$ 40.00

See independent auditors' report on supplementary information.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Schedule of Travel, Entertainment and Educational Expenses - Continued

For the Year Ended June 30, 2022

RIHEBC Year-End Event - Providence RI December 15, 2021

Attendee	Payee	Purpose	Date Paid	Amount Paid
	Cozy Caterers	Food, Beverages, Tables, Linens	1/24/2022	<u>\$2,129.28</u>
		Total		\$2,129.28

Providence Business News: 2022 Economic Trends Summit February 10, 2022

Attendee	Payee	Purpose	Date Paid	Amount Paid
Scott O'Malley	Scott O'Malley	Registration	3/1/2022	\$ 25.00
Kim Mooers	Kim Mooers	Registration	5/9/2022	<u>25.00</u>
		Total		\$ 50.00

Greater Providence Chamber of Commerce: RI Legislative Leadership Forum 2022 March 1, 2022

Attendee	Payee	Purpose	Date Paid	Amount Paid
Scott O'Malley	Scott O'Malley	Registration	2/15/2022	\$ 40.00
Kim Mooers	Kim Mooers	Registration	2/15/2022	<u>40.00</u>
		Total		\$ 80.00

See independent auditors' report on supplementary information.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Schedule of Travel, Entertainment and Educational Expenses - Continued

For the Year Ended June 30, 2022

**National Association of Health & Educational Facilities Finance Authorities - Charleston SC
April 24 - 26, 2022**

Attendee	Payee	Purpose	Date Paid	Amount Paid
Kim Mooers	Kim Mooers	Airfare, Lodging, Meals, Transportation	5/9/2022	<u>\$1,795.65</u>
		Total		\$1,795.65

**Miscellaneous Disbursements
July 1, 2021 - June 30, 2022**

Payee	Purpose	Date Paid	Amount Paid
Kim Mooers	Mileage (May)	7/8/2022	\$ 5.27
Kim Mooers	Mileage (June)	7/8/2022	67.86
Dina Munroe	Mileage (June)	7/8/2022	<u>31.59</u>
			\$ 104.72

Total Travel & Entertainment Expense	<u>\$5,809.19</u>
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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, 2022

Schedule of Net Position

Attachment B

Assets:

Current Assets:

Cash and equivalents	\$ 8,356,917
Receivables	120,956

Restricted assets:

Cash and equivalents	200,836
Other assets	<u>104,714</u>

Total Current Assets	<u>8,783,423</u>
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Noncurrent Assets:

Investments	
Receivables (net)	463,197
Capital assets - depreciable (net)	<u>417,054</u>

Total Noncurrent Assets	<u>880,251</u>
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Total Assets	<u>9,663,674</u>
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Liabilities:

Current Liabilities:

Due to primary government	99,702
Accrued expenses	73,722
Current portion of lease liability	<u>96,846</u>

Total Current Liabilities	<u>270,270</u>
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Non-Current Liabilities:

Lease liability, net of current portion	<u>316,687</u>
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Total Liabilities	<u>586,957</u>
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Net Position:

Net invested in capital assets	3,521
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Restricted for:

Other	200,836
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Unrestricted	<u>8,872,360</u>
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Total Net Position	<u>\$ 9,076,717</u>
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See independent auditors' report on supplementary information.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

STATE OF RHODE ISLAND REQUIRED FORMAT

For the Year Ended June 30, 2022

<u>Schedule of Activities</u>	<u>Attachment C</u>
Expenses	\$ 1,756,365
Program Revenues:	
Charges for services	2,369,664
Net (Expenses) Revenues	613,299
General Revenues:	
Interest and investment earnings	22,271
Miscellaneous revenue	27,914
Total General Revenue	50,185
Interest Expense	(14,967)
Payments to Primary Government	(257,613)
Change in Net Position	390,904
Total Net Position, Beginning of Year	8,685,813
Total Net Position, End of Year	\$ 9,076,717

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

Schedule of Debt Service to Maturity - Attachment D

June 30, 2022

Lease Liability

Fiscal Year Ending June 30,	Principal	Interest
2023	\$ 96,846	\$ 12,010
2024	103,197	8,766
2025	108,239	5,340
2026	<u>105,251</u>	<u>5,275</u>
	<u>\$ 413,533</u>	<u>\$ 31,391</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

Schedule of Changes in Long-Term Debt - Attachment E

June 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due Thereafter</u>
Lease liability	\$ 499,281	\$ -	\$ 85,748	\$ 413,533	\$ 96,846	\$ 316,687
	<u>\$ 499,281</u>	<u>\$ -</u>	<u>\$ 85,748</u>	<u>\$ 413,533</u>	<u>\$ 96,846</u>	<u>\$ 316,687</u>

See independent auditors' report on supplementary information.

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity and the aggregate remaining fund information of the Rhode Island Health and Educational Building Corporation (the "Corporation") (a component unit of the state of Rhode Island), which comprise the statements of net position as of June 30, 2022, and the related statement of activities, changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated September 28, 2022.

Report on 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 Corporation'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.

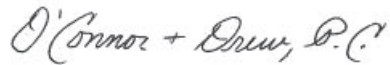
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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.

Report on 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Certified Public Accountants
Braintree, Massachusetts**

September 28, 2022