

**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, 2023 AND 2022

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, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activity and the aggregate remaining fund information of Rhode Island Health and Educational Building Corporation (the "Corporation") (a component unit of the State of Rhode Island), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 Auditor's 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements and supplementary information of the Corporation as of and for the year ended June 30, 2022, were audited by O'Connor & Drew, P.C., who joined with WithumSmith+Brown, PC on January 1, 2023 and expressed an unmodified opinion on those statements dated September 28, 2022.

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.

Auditor's 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 auditor's 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 GAAS 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 GAAS 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 and the required supplementary information as listed in the table of contents 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 2023 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 2023 information and comparing the 2023 information for consistency with management's responses to our inquiries, the 2023 basic financial statements, and other knowledge we obtained during our audit of the 2023 basic financial statements. We do not express an opinion or provide any assurance on the 2023 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the 2023 financial statements that collectively comprise the Corporation's 2023 basic financial statements. The accompanying 2023 supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 2023 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 2023 information has been subjected to the auditing procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such 2023 information directly to the underlying accounting and other records used to prepare the 2023 basic financial statements or to the 2023 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 2023 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 27, 2023, 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.

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'. The signature is written in a cursive, flowing style.

September 27, 2023

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis

June 30, 2023 and 2022

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, 2023 and 2022. 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 Statements of Activities 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, 2023 and 2022

FINANCIAL HIGHLIGHTS – FY 2023

- The Corporation transferred \$5M from unrestricted net position to restricted net position due to a requirement to pledge \$5M as collateral for a line-of-credit obtained to fund a new loan program.
- The Corporation completed 7 bond financings totaling \$318,729,000 as compared to 13 bond financings completed during the prior fiscal year totaling \$492,555,569.
- The Corporation transferred \$255,752 to the State of Rhode Island's general fund for the funding of limited personnel expenses of the School Building Authority.
- Total assets are \$9,774,474, an increase of \$110,800 or 1% over total assets for the prior fiscal year.
- Cash and investments are \$8,822,982, an increase of \$265,230 or 3% over cash and investments for the prior fiscal year.
- Operating revenues are \$2,259,572, a decrease of \$110,092 or 5% over operating revenues for the prior fiscal year.
- Operating expenses are \$2,038,661, an increase of \$282,296 or 16% over operating expenses for the prior fiscal year.
- Change in net position is \$248,278, a decrease of \$142,626 or 36% over the change in net position for the prior fiscal year.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2023 and 2022

FINANCIAL HIGHLIGHTS – FY 2022

- The Corporation implemented GASB 87, affecting the reporting of leases by governments.
- The Corporation completed 13 bond financings totaling \$492,555,569 as compared to 10 bond financings completed during the prior fiscal year totaling \$391,625,000.
- 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 are \$9,663,674, an increase of \$254,043 or 3% over total assets for the prior fiscal year.
- Cash and investments are \$8,557,753, an increase of \$471,828 or 6% over cash and investments for the prior fiscal year.
- Operating revenues are \$2,369,664, a decrease of \$188,403 or 7% over operating revenues for the prior fiscal year.
- Operating expenses are \$1,756,365, an increase of \$4,427 or .25% over operating expenses for the prior fiscal year.
- Change in net position is \$390,904, an increase of \$245,147 or 168% over the change in net position for the prior fiscal year.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2023 and 2022

FINANCIAL ANALYSIS

Condensed Statements of Net Position

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|----------------------------------|----------------------------|---------------------|---------------------|
| Capital assets, net | \$ 314,265 | \$ 417,054 | \$ 526,235 |
| Other assets | <u>9,460,209</u> | <u>9,246,620</u> | <u>8,883,396</u> |
| Total assets | 9,774,474 | 9,663,674 | 9,409,631 |
| Other liabilities | <u>449,479</u> | <u>586,957</u> | <u>723,818</u> |
| Total liabilities | <u>449,479</u> | <u>586,957</u> | <u>723,818</u> |
| Net investment in capital assets | (2,422) | 3,521 | 26,954 |
| Restricted | 5,003,894 | 200,836 | 250,085 |
| Unrestricted | <u>4,323,523</u> | <u>8,872,360</u> | <u>8,408,774</u> |
| Total net position | <u>\$ 9,324,995</u> | <u>\$ 9,076,717</u> | <u>\$ 8,685,813</u> |

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2023 and 2022

Capital Assets

Capital assets decreased during FY 2023 due to recognition of depreciation in the amount of \$101,500 on the right-to-use lease asset. The corporation also invested \$6,400 in capital assets and retired \$21,400 of capital assets during the fiscal year. Capital assets also decreased during FY 2022 due to recognition of depreciation in the amount of \$101,650 on the right-to-use lease asset. The Corporation did not invest in or dispose of capital assets during FY 2022.

Total Assets

Total assets increased \$110,800 or 1% during FY 2023. In comparison, total assets increased \$254,000 or 3% during FY 2022, as compared to FY 2021.

During FY 2023 the Corporation transferred \$5M from unrestricted cash and equivalents to restricted cash and equivalents. The Corporation was required to pledge \$5M as collateral on a line-of-credit the Corporation obtained to fund a new loan program. The Corporation expects to close on the first loan in FY 2024. The \$5M transfer of unrestricted cash and equivalents to restricted cash and equivalents created a net increase to restricted cash of \$4.8M due to only \$91,000 of statutory administrative fee receipts being collected for the fiscal year to offset \$286,700 of disbursements for School Building Authority limited personnel expenses. Conversely, the transfer created a net decrease to unrestricted cash and equivalents of \$4.5M due to the receipt of \$295,200 of interest income for the fiscal year and the Corporation investing surplus cash of \$500,000 during the fiscal year, however \$400,000 was redeemed to fund grant obligations. The office space lease asset decreased \$101,500 due to amortization of the right-to-use asset.

During FY 2022 the Corporation's restricted cash and equivalents decreased \$49,300 due to \$228,300 of statutory administrative fees and \$48,600 of miscellaneous receipts being collected to offset \$326,200 of disbursements for School Building Authority limited personnel expenses. Conversely, unrestricted cash and equivalents increased \$521,100 during FY 2022 due to the investment of an additional \$600,000 during the fiscal year. No investments were sold over the course of the fiscal year to meet operations. The Corporation received only \$22,300 of interest income on investments for the fiscal year. Administrative fee receivables decreased \$ 95,400 as the Corporation had an unusually high receivable at FY 2021 year-end due to a delay in the receipt of a \$100,000 fee. The office space lease asset decreased \$101,700 due to amortization of the right-to-use asset.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2023 and 2022

Total Liabilities

Total liabilities decreased \$137,500 or 23% during FY 2023, as compared to FY 2022. In comparison, total liabilities decreased \$136,900 or 19% during FY 2022, as compared to FY 2021.

Both fiscal years 2023 and 2022 saw a decrease in due to primary state government from the prior fiscal year, \$31,000 and \$68,600, respectively. Likewise, fiscal years 2023 and 2022 saw a decrease in lease liability of \$96,800 and \$85,700, respectively.

The decreases in due to primary state government are attributed to the fiscal year 2022 State budget shifting \$500,000 of the School Building Authority's limited personnel costs from the Corporation to the State's general revenues. The decreases in lease liability are due to the Corporation's implementation of GASB 87, which requires the Corporation to recognize a lease liability which will decrease as lease payments are made.

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, 2023 and 2022

Condensed Statements of Activities and Changes in Net Position

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|---------------------|
| Operating revenues: | | | |
| Administrative | \$ 2,247,206 | \$ 2,356,167 | \$ 2,542,465 |
| Interest earned on loans receivable | <u>12,366</u> | <u>13,497</u> | <u>15,602</u> |
| Total operating revenues | <u>2,259,572</u> | <u>2,369,664</u> | <u>2,558,067</u> |
| Operating expenses: | | | |
| Administrative | 1,207,911 | 1,118,689 | 1,195,165 |
| Grants | 721,565 | 528,495 | 540,003 |
| Depreciation | <u>109,185</u> | <u>109,181</u> | <u>16,770</u> |
| Total operating expenses | <u>2,038,661</u> | <u>1,756,365</u> | <u>1,751,938</u> |
| Operating income | <u>220,911</u> | <u>613,299</u> | <u>806,129</u> |
| Non-operating revenues (expenses): | | | |
| Interest income | 295,221 | 22,271 | 6,606 |
| Other income | - | 27,914 | 13,181 |
| Interest expense | (12,102) | (14,967) | - |
| Loss on disposal of capital assets | - | - | (2,214) |
| Payment to primary state government | <u>(255,752)</u> | <u>(257,613)</u> | <u>(677,945)</u> |
| Total non-operating revenues (expenses) | <u>27,367</u> | <u>(222,395)</u> | <u>(660,372)</u> |
| Increase in net position | 248,278 | 390,904 | 145,757 |
| Net position, at beginning of year | <u>9,076,717</u> | <u>8,685,813</u> | <u>8,540,056</u> |
| Net position, at end of year | \$ <u>9,324,995</u> | \$ <u>9,076,717</u> | \$ <u>8,685,813</u> |

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2023 and 2022

Revenues

Administrative Fees

Administrative fee revenues decreased \$109,000 or 5% for FY 2023 due to a significant decrease in the one-time statutory administrative fees the corporation receives when providing financing to public schools. Rising interest rates caused school districts to defer their financings. Administrative fee revenues decreased \$186,300 or 7% for FY 2022 as lost revenues from redemptions and maturities were greater than revenues generated from financings for new projects. The fees collected from school districts are restricted for the purpose of funding limited personnel expenses of the School Building Authority.

Interest Income

Due to increases in interest rates, the Corporation recorded investment income of \$295,200 for FY 2023, an increase of \$273,000 over FY 2022. For FY 2022, the Corporation recorded investment income of \$22,300, an increase of \$15,700 over FY 2021.

Expenses

Administrative

Administrative expenses increased \$89,200 or 8% for FY 2023 due to increases in various expense categories. Increases in both salaries and health insurance premiums increased personnel expenses \$30,200 or 5%. Legal fees increased \$22,100, or 15% due to attention to matters including the introduction of a new loan program and issuance of an unconventional bond financing where debt service payments are made through annual appropriations by the State. Finally, an increase in liability coverage increased insurance premiums \$40,000, or 68% for the fiscal year. 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. For FY 2022 the Corporation reported \$101,650 of lease amortization as depreciation.

Grants

The Corporation's board of directors approved over \$2M of grants to eligible institutions during FY's 2022 and 2021. The Corporation has paid \$721,600 and \$528,500 to the awardees during FY's 2023 and 2022, 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 payments totaled \$255,800 for FY 2023. The Corporation's payments totaled \$257,600 for FY

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis - Continued

June 30, 2023 and 2022

2022, a decrease of 62% over FY 2021 due to the State budget shifting \$500,000 of this expense from the Corporation to the State's general revenues.

CONDUIT DEBT

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---------------|--------------------------------|--------------------------------|--------------------------------|
| Bonds Payable | \$ <u>3,263,190,472</u> | \$ <u>3,283,743,440</u> | \$ <u>3,245,802,569</u> |

The Corporation issued \$318,729,000 of conduit debt during FY 2023. Of that amount, approximately \$315,955,000 was issued to finance new projects and \$2,774,000 was issued to refund prior bonds.

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.

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 revenues and administrative expenses have remained relatively stable over the past ten years. The amount of outstanding principal on the Corporation's bonds, which determines the amount of revenues the Corporation collects, has also been stable over the past ten years. Over this time, the Corporation has operated through many different business cycles and economic changes, including the COVID pandemic, and has consistently generated sufficient revenues to exceed expenses. Furthermore, for the past 25 years, the Corporation's net position has increased every year except for the six years legislative mandates stipulated a significant transfer of reserves (\$1M or more) to the state's general fund.

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, 2023 and 2022

Assets

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Current Assets: | | |
| Cash and equivalents | \$ 3,819,088 | \$ 8,356,917 |
| Restricted cash and equivalents | 5,003,894 | 200,836 |
| Current portion of loans receivable | 46,385 | 45,255 |
| Accounts receivable | 81,779 | 75,701 |
| Prepaid expenses | <u>92,251</u> | <u>104,714</u> |
| Total Current Assets | <u>9,043,397</u> | <u>8,783,423</u> |
| Non-Current Assets: | | |
| Loans receivable, net of current portion | 416,812 | 463,197 |
| Capital assets, net | <u>314,265</u> | <u>417,054</u> |
| Total Non-Current Assets | <u>731,077</u> | <u>880,251</u> |
| Total Assets | <u>\$ 9,774,474</u> | <u>\$ 9,663,674</u> |

Liabilities and Net Position

| | | |
|---|---------------------|---------------------|
| Current Liabilities: | | |
| Accrued expenses | \$ 64,046 | \$ 73,722 |
| Current portion of lease liability | 103,197 | 96,846 |
| Due to primary state government | <u>68,746</u> | <u>99,702</u> |
| Total Current Liabilities | <u>235,989</u> | <u>270,270</u> |
| Non-Current Liability: | | |
| Lease liability, net of current portion | <u>213,490</u> | <u>316,687</u> |
| Total Liabilities | <u>449,479</u> | <u>586,957</u> |
| Net Position: | | |
| Net investment in capital assets | (2,422) | 3,521 |
| Restricted: | | |
| Payments to primary state government | 3,894 | 200,836 |
| Agreement with financial institution | 5,000,000 | - |
| Unrestricted | <u>4,323,523</u> | <u>8,872,360</u> |
| Total Net Position | <u>9,324,995</u> | <u>9,076,717</u> |
| Total Liabilities and Net Position | <u>\$ 9,774,474</u> | <u>\$ 9,663,674</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>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| Operating Revenues: | | |
| Administrative fees | \$ 2,247,206 | \$ 2,356,167 |
| Interest earned on loans receivable | <u>12,366</u> | <u>13,497</u> |
| Total Operating Revenues | <u>2,259,572</u> | <u>2,369,664</u> |
| Operating Expenses: | | |
| Administrative | 1,207,911 | 1,118,689 |
| Grants | 721,565 | 528,495 |
| Depreciation | <u>109,185</u> | <u>109,181</u> |
| Total Operating Expenses | <u>2,038,661</u> | <u>1,756,365</u> |
| Operating Income | 220,911 | 613,299 |
| Non-Operating Revenues (Expenses): | | |
| Interest income | 295,221 | 22,271 |
| Other income | - | 27,914 |
| Interest expense | (12,102) | (14,967) |
| Payment to primary state government | <u>(255,752)</u> | <u>(257,613)</u> |
| Total Non-Operating Revenues (Expenses) | <u>27,367</u> | <u>(222,395)</u> |
| Increase in Net Position | 248,278 | 390,904 |
| Net Position, Beginning of Year | <u>9,076,717</u> | <u>8,685,813</u> |
| Net Position, End of Year | <u>\$ 9,324,995</u> | <u>\$ 9,076,717</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>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from institutions for administrative fees | \$ 2,241,128 | \$ 2,458,866 |
| Cash received from collections on loans receivable | 45,255 | 44,123 |
| Cash received from interest earned on loans receivable | 12,366 | 13,497 |
| Cash received from other sources | - | 27,914 |
| Payment to grantees | (721,565) | (528,495) |
| Payment of employees for services | (502,309) | (502,309) |
| Payment to suppliers for goods and services | <u>(702,815)</u> | <u>(637,124)</u> |
| Net Cash Provided by Operating Activities | <u>372,060</u> | <u>876,472</u> |
| Cash Flow from Non-Capital Financing Activity: | | |
| Payment to primary state government | <u>(286,708)</u> | <u>(326,200)</u> |
| Cash Flow from Capital and Related Financing Activities: | | |
| Interest expense | (12,102) | (14,967) |
| Payments on lease obligations | (96,846) | (85,748) |
| Purchase of capital assets | <u>(6,396)</u> | <u>-</u> |
| Net Cash Applied to Capital and Related Financing Activities | <u>(115,344)</u> | <u>(100,715)</u> |
| Cash Flows from Investing Activities: | | |
| Net investment income | <u>295,221</u> | <u>22,271</u> |
| Net Increase in Cash and Equivalents | 265,229 | 471,828 |
| Cash and Equivalents, at Beginning of Year | <u>8,557,753</u> | <u>8,085,925</u> |
| Cash and Equivalents, at End of Year | <u>\$ 8,822,982</u> | <u>\$ 8,557,753</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | |
| Operating income | \$ 220,911 | \$ 613,299 |
| Adjustments to reconcile net income to net cash provided by (applied to) operating activities: | | |
| Depreciation | 109,185 | 109,181 |
| Other income | - | 27,914 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (6,078) | 102,699 |
| Prepaid expenses | 12,463 | (38,218) |
| Loans receivable | 45,255 | 44,123 |
| Accrued expenses | <u>(9,676)</u> | <u>17,474</u> |
| Net Cash Provided by Operating Activities | <u>\$ 372,060</u> | <u>\$ 876,472</u> |
| Cash and cash equivalents are comprised of the following: | | |
| Cash and equivalents | \$ 3,819,088 | \$ 8,356,917 |
| Restricted cash and equivalents | <u>5,003,894</u> | <u>200,836</u> |
| | <u>\$ 8,822,982</u> | <u>\$ 8,557,753</u> |

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

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Statements of Fiduciary Net Position Private-Purpose Trust Funds

June 30, 2023 and 2022

Assets

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-----------------------------|-----------------------------|
| Assets: | | |
| Cash and equivalents | \$ 85,151,395 | \$ 20,351,031 |
| Loans receivable | 685,840 | 903,065 |
| Due from other funds | 24,000 | 694 |
| Due from primary state government | - | 13,375,633 |
| Accrued interest receivable | <u>1,147</u> | <u>1,506</u> |
| Total Assets | <u>\$ 85,862,382</u> | <u>\$ 34,631,929</u> |

Liabilities and Net Position

| | | |
|---|-----------------------------|-----------------------------|
| Liabilities: | | |
| Project costs payable | \$ 13,975,748 | \$ 19,493,559 |
| Due to other funds | <u>24,000</u> | <u>694</u> |
| Total Liabilities | <u>13,999,748</u> | <u>19,494,253</u> |
| Net Position: | | |
| Restricted: | | |
| Held for authorized projects | 54,004,113 | 15,137,676 |
| Available for future projects | <u>17,858,521</u> | <u>-</u> |
| Total Net Position | <u>71,862,634</u> | <u>15,137,676</u> |
| Total Liabilities and Net Position | <u>\$ 85,862,382</u> | <u>\$ 34,631,929</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 Funds**

For the Years Ended June 30,

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|-----------------------------|
| Additions: | | |
| State appropriations | \$ 205,957,739 | \$ 118,350,102 |
| Interest earned on loans receivable | 17,714 | 22,031 |
| Investment earnings: | | |
| Interest income | <u>2,231,747</u> | <u>10,529</u> |
| Total Additions | 208,207,200 | 118,382,662 |
| Deductions: | | |
| Housing aid | 65,818,017 | 56,089,159 |
| Project cost grants | 85,648,475 | 76,903,847 |
| Administrative expenses | <u>15,750</u> | <u>5,721</u> |
| Total Deductions | <u>151,482,242</u> | <u>132,998,727</u> |
| Increase (Decrease) in Fiduciary Net Position | 56,724,958 | (14,616,065) |
| Net Position, at Beginning of Year | <u>15,137,676</u> | <u>29,753,741</u> |
| Net Position, at End of Year | <u>\$ 71,862,634</u> | <u>\$ 15,137,676</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, 2023 and 2022

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.

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 separate trusts of 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, 2023 and 2022

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, and improving 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 through many different initiatives, including funding for technical assistance on the application process, COVID-19 related projects, facility equity, technology and furniture funding, and outdoor learning. Funding of SBACF is expected to continue through annual appropriations 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, 2023 and 2022

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 costs are 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 additions of the fiduciary funds are state appropriations and transfers of bond proceeds while deductions consist predominantly of project cost grants and housing aid payments, which are recognized as costs are 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 or as part of agreements with financial institutions.

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

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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, 2023 and 2022.

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, 2023 and 2022

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, 2023 and 2022. 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, 2023 and 2022, compensated absences totaled approximately \$34,700 and \$29,500, respectively.

| Balance at June 30, 2022 | Additions | Retirements | Balance at June 30, 2023 |
|-------------------------------------|------------------|--------------------|-------------------------------------|
| <u>\$ 29,500</u> | <u>\$ 34,700</u> | <u>\$ 29,500</u> | <u>\$ 34,700</u> |
| | | | |
| Balance at June 30, 2021 | Additions | Retirements | Balance at June 30, 2022 |
| <u>\$ 23,500</u> | <u>\$ 17,200</u> | <u>\$ 11,200</u> | <u>\$ 29,500</u> |

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, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

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

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Net Position - Continued

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.

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 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, 2023 and 2022

Note 2 - Conduit Debt

Since its inception, the Corporation has issued various series of bonds, notes and leases to finance capital expenditures for Rhode Island educational institutions, hospitals, and healthcare providers. The bonds, notes and leases are special obligations of the Corporation payable from revenues derived solely from the 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, 2023 and 2022, the bond issues and leases outstanding are as follows:

| <u>Institution</u> | <u>Year</u> | <u>Maturity Date</u> | <u>Outstanding Principal at 06/30/2023</u> | <u>Outstanding Principal at 06/30/2022</u> |
|---|-------------|--------------------------|--|--|
| International Institute of RI, Inc. | 2003 | 08/01/2033 | \$ 1,115,000 | \$ 1,210,000 |
| Brown University, Series B | 2003 | 09/01/2043 | 37,910,000 | 38,505,000 |
| Meeting Street Center | 2005 | 06/01/2035 | 3,190,000 | 3,800,000 |
| Brown University, Series A | 2005 | 05/01/2035 | 85,500,000 | 85,500,000 |
| Public Schools Revenue Bonds, Series A | 2007 | 05/15/2027 | 140,000 | 175,000 |
| NRI Community Services, Inc. | 2007 | 06/01/2037 | 2,050,000 | 2,155,000 |
| Public Schools Revenue Bonds, Series B | 2007 | 05/15/2027 | 405,000 | 490,000 |
| CVS-Highlander Charter School | 2007 | 09/01/2037 | 2,695,000 | 2,825,000 |
| Public Schools Revenue Bonds, Series D | 2007 | 11/15/2027 | 1,595,000 | 1,880,000 |
| The Learning Community Charter School | 2007 | 02/01/2038 | - | 2,759,000 |
| Bryant University | 2008 | 06/01/2035 | 38,295,000 | 40,360,000 |
| Roger Williams University, Series A | 2008 | 11/15/2024 | 3,470,000 | 5,115,000 |
| New England Institute of Technology | 2008 | 03/01/2034 | 5,320,000 | 6,020,000 |
| Public Schools Revenue Bonds, Series B | 2008 | 05/15/2029 | 70,000 | 140,000 |
| Roger Williams University, Series B | 2008 | 11/15/2038 | 26,865,000 | 28,020,000 |
| Board of Governors, Series B | 2008 | 09/15/2034 | 3,830,000 | 3,830,000 |
| Board of Governors, Series B | 2009 | 09/15/2029 | 8,490,000 | 11,380,000 |
| Providence Public Building Authority, Series A | 2009 | 06/15/2025 | 3,040,000 | 4,560,000 |
| Board of Governors, Series A | 2010 | 09/15/2040 | 17,540,000 | 18,170,000 |
| Public Schools Revenue Bonds, Series A | 2010 | 05/15/2027 | 12,575,000 | 12,575,000 |
| Thundermist Health Center, Series A | 2010 | 08/01/2030 | 1,481,708 | 1,688,458 |
| Public Schools Revenue Bonds, Series C | 2010 | 05/15/2026 | 1,130,000 | 1,450,000 |
| Public Schools Revenue Bonds, Series D | 2010 | 05/15/2025 | 624,000 | 1,063,000 |
| Public Schools Revenue Bonds, Series E | 2010 | 05/15/2025 | 1,226,000 | 2,094,000 |
| 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 | 7,725,379 | 8,157,727 |
| Roger Williams University | 2011 | 11/15/2027 | 7,346,627 | 8,696,407 |
| The Compass School, Series A & C | 2011 | 06/28/2027 | 580,001 | 725,001 |
| Blackstone Valley Community Health Care, Inc., Series A | 2011 | 08/01/2041 | 4,920,322 | 5,091,918 |

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 2 - Conduit Debt - Continued

| <u>Institution</u> | <u>Year</u> | <u>Maturity Date</u> | <u>Outstanding Principal at 06/30/2023</u> | <u>Outstanding Principal at 06/30/2022</u> |
|--|-------------|--------------------------|--|--|
| Steere House | 2011 | 09/01/2036 | \$ 3,531,000 | \$ 3,731,000 |
| Roger Williams University, Series B | 2011 | 12/15/2029 | 5,610,000 | 6,275,000 |
| Salve Regina University | 2011 | 06/15/2031 | 10,885,000 | 12,245,000 |
| Immaculate Conception Catholic Regional School | 2012 | 03/16/2032 | 2,843,750 | 3,168,750 |
| Rhode Island School of Design | 2012 | 06/01/2031 | 815,000 | 1,620,000 |
| Brown University | 2012 | 09/01/2022 | - | 60,600,000 |
| Rhode Island School of Design, Series B | 2012 | 08/15/2035 | 4,725,000 | 6,925,000 |
| Public Schools Revenue Bonds, Series B | 2012 | 05/15/2032 | 8,250,000 | 9,020,000 |
| Providence College, Series B | 2012 | 11/01/2024 | 9,115,000 | 13,315,000 |
| Scandinavian Home | 2013 | 04/01/2040 | 3,130,402 | 3,261,449 |
| Public Schools Revenue Bonds, Series B | 2013 | 05/15/2033 | 4,450,000 | 5,275,000 |
| Board of Education, Series A - D | 2013 | 09/15/2024 | 7,315,000 | 12,510,000 |
| Public Schools Revenue Bonds, Series D | 2013 | 05/15/2033 | 2,145,000 | 2,360,000 |
| Public Schools Revenue Bonds, Series E | 2013 | 05/15/2028 | 250,000 | 300,000 |
| Providence Public Building Authority, Series A | 2013 | 05/15/2024 | 4,255,000 | 8,320,000 |
| Brown University | 2013 | 09/01/2043 | - | 117,645,000 |
| Public Schools Revenue Bonds, Series H | 2013 | 05/15/2034 | 7,365,000 | 7,885,000 |
| Public Schools Revenue Bonds, Series I | 2013 | 11/15/2023 | 1,170,000 | 2,290,000 |
| Public Schools Revenue Bonds, Series A | 2014 | 05/15/2034 | 2,635,000 | 2,830,000 |
| Public Schools Revenue Bonds, Series B | 2014 | 05/15/2034 | 2,095,000 | 2,250,000 |
| Roger Williams University | 2014 | 10/15/2035 | 10,581,305 | 11,258,431 |
| Newport Hospital | 2014 | 07/01/2029 | 10,494,000 | 11,832,000 |
| Public Schools Revenue Bonds, Series C | 2014 | 05/15/2034 | 5,110,000 | 5,480,000 |
| Child and Family Services of Newport County | 2015 | 04/30/2043 | 5,812,308 | 6,119,323 |
| Salve Regina University, Series A - C | 2015 | 05/01/2045 | 21,511,450 | 22,333,377 |
| Providence Public Building Authority, Series A | 2015 | 05/15/2028 | 70,310,000 | 83,530,000 |
| Mercymount Country Day School | 2015 | 05/01/2035 | 2,142,463 | 2,789,590 |
| Providence College | 2015 | 11/01/2045 | 31,935,000 | 34,195,000 |
| South County Hospital Healthcare System | 2015 | 09/15/2033 | 27,585,000 | 30,110,000 |
| New England Institute of Technology | 2015 | 09/01/2045 | 48,935,852 | 50,730,017 |

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 2 - Conduit Debt - Continued

| <u>Institution</u> | <u>Year</u> | <u>Maturity Date</u> | <u>Outstanding Principal at 06/30/2023</u> | <u>Outstanding Principal at 06/30/2022</u> |
|--|-------------|--------------------------|--|--|
| Public Schools Revenue Bonds, Series B | 2015 | 05/15/2036 | \$ 3,315,000 | \$ 3,510,000 |
| Saint Philomena School | 2015 | 04/01/2035 | 1,252,706 | 1,341,949 |
| Johnson & Wales University | 2015 | 10/01/2030 | 16,431,345 | 18,288,246 |
| Tamarisk, Inc. | 2015 | 10/01/2040 | 7,230,697 | 7,538,870 |
| Brown University | 2015 | 09/01/2045 | 36,220,000 | 37,645,000 |
| Bishop Hendricken High School, Series A & B | 2015 | 04/01/2035 | - | 3,796,928 |
| Providence Public Building Authority, Series B | 2015 | 05/15/2035 | 7,060,000 | 7,530,000 |
| Saint Elizabeth Home, East Greenwich | 2015 | 12/01/2045 | 11,613,113 | 11,925,815 |
| Public Schools Revenue Bonds, Series C & D | 2015 | 05/15/2036 | 10,490,000 | 12,475,000 |
| Moses Brown School, Series A & B | 2016 | 06/01/2046 | 17,549,968 | 18,117,326 |
| Public Schools Revenue Bonds, Series A | 2016 | 05/15/2029 | 46,180,000 | 54,300,000 |
| Lifespan Obligated Group | 2016 | 05/15/2039 | 167,315,000 | 182,970,000 |
| Public Schools Revenue Bonds, Series B & C | 2016 | 05/15/2036 | 4,490,000 | 5,000,000 |
| Care New England, Series B | 2016 | 09/01/2036 | 114,220,000 | 120,125,000 |
| The Frassati Residence | 2016 | 11/01/2029 | 3,536,053 | 4,009,944 |
| Council on Postsecondary Education, Series A - C | 2016 | 09/15/2036 | 70,720,000 | 74,325,000 |
| Roger Williams University, Series A & B | 2016 | 11/15/2031 | 4,635,275 | 5,111,225 |
| New England Institute of Technology | 2017 | 03/01/2040 | 29,049,371 | 30,350,869 |
| Public Schools Revenue Bonds, Series A | 2017 | 05/15/2034 | 46,130,000 | 49,270,000 |
| Providence College | 2017 | 11/01/2047 | 46,415,000 | 46,415,000 |
| Public Schools Revenue Bonds, Series B | 2017 | 05/15/2027 | 9,345,000 | 10,675,000 |
| Public Schools Revenue Bonds, Series C | 2017 | 05/15/2027 | 54,045,000 | 55,905,000 |
| Public Schools Revenue Bonds, Series D | 2017 | 05/15/2037 | 7,430,000 | 7,840,000 |
| Public Schools Revenue Bonds, Series E | 2017 | 05/15/2037 | 16,980,000 | 18,345,000 |
| Public Schools Revenue Bonds, Series F | 2017 | 05/15/2038 | 15,265,000 | 16,330,000 |
| Brown University, Series A | 2017 | 09/01/2047 | 140,125,000 | 141,125,000 |
| Public Schools Revenue Bonds, Series G | 2017 | 05/15/2042 | 29,420,000 | 30,360,000 |
| Public Schools Revenue Bonds, Series H | 2017 | 05/15/2038 | 4,140,000 | 4,325,000 |
| Council on Postsecondary Education, Series A - D | 2017 | 09/15/2047 | 118,750,000 | 120,560,000 |
| Public Schools Revenue Bonds, Series I & J | 2017 | 05/15/2032 | 10,820,000 | 12,195,000 |
| Meeting Street, Series A | 2017 | 12/01/2047 | 14,121,025 | 14,481,724 |

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 2 - Conduit Debt - Continued

| <u>Institution</u> | <u>Year</u> | <u>Maturity Date</u> | <u>Outstanding Principal at 06/30/2023</u> | <u>Outstanding Principal at 06/30/2022</u> |
|--|-------------|--------------------------|--|--|
| Public Schools Revenue Bonds, Series A | 2018 | 05/15/2038 | \$ 3,885,000 | \$ 4,070,000 |
| Public Schools Revenue Bonds, Series B | 2018 | 05/15/2038 | 15,915,000 | 16,650,000 |
| Rhode Island School of Design | 2018 | 08/15/2048 | 53,960,000 | 54,950,000 |
| Ocean State Assisted Living | 2018 | 11/01/2031 | 6,706,000 | 7,221,000 |
| St. Andrew's School, Series A & B | 2018 | 07/01/2048 | 18,487,955 | 17,451,246 |
| Council on Postsecondary Education, Series A & B | 2018 | 09/15/2038 | 17,175,000 | 17,870,000 |
| South County Hospital Healthcare System | 2018 | 12/01/2028 | 6,943,750 | 8,206,250 |
| Meeting Street | 2018 | 12/01/2047 | 4,640,730 | 4,786,569 |
| Public Schools Revenue Bonds, Series A | 2019 | 05/15/2042 | 37,490,000 | 38,730,000 |
| Blackstone Valley Prep | 2019 | 05/01/2049 | 14,831,456 | 15,139,072 |
| Mount Saint Charles Academy | 2019 | 05/01/2040 | 3,314,895 | 3,445,504 |
| Trinity Academy for the Performing Arts | 2019 | 06/01/2050 | 6,188,514 | 6,297,386 |
| Public Schools Revenue Bonds, Series B | 2019 | 05/15/2039 | 16,020,000 | 16,700,000 |
| Providence Public Building Authority, Series A | 2019 | 05/15/2039 | 17,255,000 | 17,955,000 |
| Brown University, Series A | 2019 | 09/01/2029 | 54,560,000 | 54,560,000 |
| Kingston Hill Academy | 2019 | 08/01/2051 | 6,008,650 | 6,114,750 |
| Public Schools Revenue Bonds, Series C | 2019 | 05/15/2041 | 4,560,000 | 4,815,000 |
| Public Schools Revenue Bonds, Series D | 2019 | 05/15/2039 | 5,020,000 | 5,235,000 |
| The Compass School | 2019 | 10/01/2049 | 3,558,160 | 3,693,280 |
| HopeHealth Hospice & Palliative Care | 2019 | 11/01/2049 | 10,156,345 | 10,401,031 |
| Roger Williams University | 2019 | 11/15/2028 | 9,132,217 | 10,682,491 |
| Bryant University | 2019 | 12/06/2031 | 12,672,556 | 14,027,790 |
| Public Schools Revenue Bonds, Series A | 2020 | 05/15/2040 | 3,295,000 | 3,485,000 |
| Portsmouth Abbey School, Series A - D | 2020 | 06/01/2050 | 15,688,292 | 14,012,533 |
| Public Schools Revenue Bonds, Series B | 2020 | 05/15/2040 | 53,390,000 | 55,460,000 |
| Public Schools Revenue Bonds, Series C | 2020 | 05/15/2040 | 5,915,000 | 6,160,000 |
| Public Schools Revenue Bonds, Series D | 2020 | 05/15/2037 | 25,665,000 | 27,740,000 |
| Rhode Island School of Design | 2020 | 08/15/2035 | 51,870,000 | 52,390,000 |
| Blackstone Valley Prep, Series A & B | 2021 | 03/01/2051 | 15,233,350 | 15,562,287 |
| Public Schools Revenue Bonds, Series A & B | 2021 | 05/15/2042 | 11,900,000 | 12,775,000 |
| Public Schools Revenue Bonds, Series C | 2021 | 05/15/2033 | 16,065,000 | 17,920,000 |

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 2 - Conduit Debt - Continued

| <u>Institution</u> | <u>Year</u> | <u>Maturity Date</u> | <u>Outstanding Principal at 06/30/2023</u> | <u>Outstanding Principal at 06/30/2022</u> |
|--|-------------|--------------------------|--|--|
| 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 | 120,055,000 | 124,470,000 |
| Public Schools Revenue Bonds, Series E | 2021 | 05/15/2031 | 8,865,000 | 10,020,000 |
| Providence College, Series B | 2021 | 11/01/2041 | 24,495,000 | 25,265,000 |
| Public Schools Revenue Bonds, Series G | 2021 | 05/15/2043 | 8,980,000 | 8,980,000 |
| St. George's School | 2021 | 10/01/2051 | 44,300,000 | 44,300,000 |
| Rhode Island School of Design, Series A & B | 2021 | 08/15/2036 | 72,288,000 | 75,030,000 |
| Public Schools Revenue Bonds, Series H | 2021 | 05/15/2042 | 34,835,000 | 35,985,000 |
| Bryant University | 2021 | 06/01/2044 | 42,360,000 | 44,065,000 |
| Public Schools Revenue Bonds, Series A | 2022 | 05/15/2042 | 30,235,000 | 30,235,000 |
| Public Schools Revenue Bonds, Series B | 2022 | 05/15/2041 | 23,195,000 | 23,830,000 |
| Roger Williams University | 2022 | 11/15/2039 | 8,700,000 | 8,700,000 |
| Public Schools Revenue Bonds, Series C | 2022 | 05/15/2047 | 98,500,000 | 98,500,000 |
| Achievement First Rhode Island, Inc., Series A - C | 2022 | 04/01/2052 | 53,073,756 | 53,249,907 |
| Public Schools Revenue Bonds, Series D | 2022 | 05/15/2038 | 5,950,000 | 5,950,000 |
| Public Schools Revenue Bonds, Series E | 2022 | 05/15/2045 | 19,510,000 | 19,510,000 |
| Brown University, Series A | 2022 | 09/01/2033 | 87,220,000 | - |
| Public Schools Revenue Bonds, Series F | 2022 | 05/15/2052 | 85,000,000 | - |
| Blackstone Valley Prep | 2022 | 10/01/2052 | 12,668,726 | - |
| Paul Cuffee School | 2022 | 11/01/2042 | 62,000 | - |
| Providence College | 2023 | 11/01/2053 | 112,435,000 | - |
| The Learning Community Charter School | 2023 | 02/01/2038 | 2,774,000 | - |
| University of Rhode Island | 2023 | 09/15/2043 | 15,440,000 | - |
| | | | <u>\$ 3,263,190,472</u> | <u>\$ 3,283,743,440</u> |

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

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - 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, 2023 pursuant to this statutory provision.

At June 30, 2023 and 2022, the carrying amounts of the Corporation's cash and equivalents were approximately \$8,823,000 and \$8,558,000, respectively, and bank balances were approximately \$8,927,000 and \$8,559,000, 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 \$8,823,000 and \$8,558,000, respectively, approximately \$3,228,000 and \$7,929,000 at June 30, 2023 and 2022, 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, Corporations, 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, 2023 and 2022

Note 3 - 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, 2023 and 2022, approximately \$455,000 and \$630,000 were covered by federal depository insurance and other specific deposit insurance. The remaining amount of approximately \$8,472,000 and \$7,929,000 was uninsured and uncollateralized at June 30, 2023 and 2022, respectively.

Fiduciary Activities

At June 30, 2023 and 2022, the carrying amounts and bank balances of the fiduciary funds' cash and equivalents were approximately \$85,151,000 and \$20,351,000, 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, 2023 and 2022, \$0, was covered by federal depository insurance.

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

| 2023 | | | |
|---|------------------|----------------|----------------------|
| Money market mutual funds | Maturity in Days | Credit Ratings | Fair Value |
| First American US Treasury Money Market Class V (#3702) | 48 | Aaa-mf | <u>\$ 85,151,395</u> |
| 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> |

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

June 30, 2023 and 2022

Note 4 - **Loans Receivable**

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

| | <u>2023</u> | <u>2022</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. | | |
| | \$ 463,197 | \$ 508,452 |
| Less: Current Portion | <u>46,385</u> | <u>45,255</u> |
| Non-Current Loans Receivable | <u>\$ 416,812</u> | <u>\$ 463,197</u> |

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 5 - 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 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>2023</u> | <u>2022</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. | \$ 549,161 | \$ 732,215 |
| 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>136,679</u> | <u>170,850</u> |
| Total SBACF Loans Receivable | 685,840 | 903,065 |
| Less: Current Portion | <u>434,448</u> | <u>434,448</u> |
| Non-Current SBACF Loans Receivable | <u>\$ 251,392</u> | <u>\$ 468,617</u> |

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

June 30, 2023 and 2022

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2023 is as follows:

| | Estimated Lives (in years) | Beginning Balance | Additions | Retirements | Ending Balance |
|--------------------------------|----------------------------------|----------------------|--------------------|---------------|-------------------|
| Capital Assets: | | | | | |
| Office Equipment | 5 | \$ 14,854 | \$ - | \$ 14,854 | \$ - |
| Computer Equipment | 5-7 | 41,729 | 6,396 | 3,500 | 44,625 |
| Furniture and Fixtures | 5-10 | 83,071 | - | 3,060 | 80,011 |
| Leased Building | 5 | <u>507,614</u> | <u>-</u> | <u>-</u> | <u>507,614</u> |
| Total Capital Assets | | <u>647,268</u> | <u>6,396</u> | <u>21,414</u> | <u>632,250</u> |
| Less: Accumulated Depreciation | | | | | |
| Office Equipment | | 14,854 | - | 14,854 | - |
| Computer Equipment | | 25,380 | 7,254 | 3,500 | 29,134 |
| Furniture and Fixtures | | 79,998 | 408 | 3,060 | 77,346 |
| Leased Building | | <u>109,982</u> | <u>101,523</u> | <u>-</u> | <u>211,505</u> |
| Total Accumulated Depreciation | | <u>230,214</u> | <u>109,185</u> | <u>21,414</u> | <u>317,985</u> |
| Capital Assets, Net | | <u>\$417,054</u> | <u>\$(102,789)</u> | <u>\$ -</u> | <u>\$314,265</u> |

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

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 6 - Capital Assets - Continued

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

| | Estimated Lives (in years) | Beginning Balance | Additions | Retirements | Ending Balance |
|--------------------------------|----------------------------------|----------------------|--------------------|-------------|-------------------|
| Capital Assets: | | | | | |
| Office Equipment | 5 | \$ 14,854 | \$ - | \$ - | \$ 14,854 |
| Computer Equipment | 5-7 | 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> |
| 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

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 7 - Debt Obligations

Long-term liabilities for the Corporation for the years ended June 30, 2023 and 2022 are as follows:

| | <u>2023</u> | | | | | |
|-----------------|------------------------------|------------------|-------------------|---------------------------|----------------------------|--------------------------------|
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Portion</u> | <u>Non-Current Portion</u> |
| Lease liability | <u>\$ 413,533</u> | <u>\$ -</u> | <u>\$ 96,846</u> | <u>\$ 316,687</u> | <u>\$ 103,197</u> | <u>\$ 213,490</u> |

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

Lease Liability

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

| | | | | | 6/30/2023 | FY 2023 |
|--------------------|-------------|--------------|---------------------------|--------------------------|----------------------------|--------------------------------|
| <u>Description</u> | <u>Date</u> | <u>Terms</u> | <u>Payment Amount</u> | <u>Interest Rate</u> | <u>Lease Liability</u> | <u>Additional Outflows</u> |
| 33 Broad Street | 6/1/2021 | 60 months | variable | 3.50% | \$ 316,687 | \$ - |

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

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 BUILDING CORPORATION

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 7 - **Debt Obligations - Continued**

Lease Liability - continued

Annual requirements to amortize the lease liability and related interest subsequent to June 30, 2023 are as follows:

| Years Ended June 30, | <u>Principal</u> | <u>Interest</u> |
|-------------------------|-------------------|------------------|
| 2024 | \$ 103,197 | \$ 8,766 |
| 2025 | 108,239 | 5,340 |
| 2026 | <u>105,251</u> | <u>1,718</u> |
| | <u>\$ 316,687</u> | <u>\$ 15,824</u> |

Line of Credit

During 2023, the Corporation entered into a revolving line of credit agreement with a financial institution for \$5,000,000. The interest rate on the line of credit is based on the Secured Overnight Financing Rate (SOFR) (5.09% at June 30, 2023) plus .60%. The line of credit is secured by \$5,000,000 deposited into a reserve account with the lending financial institution. The \$5,000,000 of reserves are included in restricted cash and equivalents on the statement of net position. The Corporation has no debt related to this agreement at June 30, 2023 and 2022.

Note 8 - **Commitments and Contingencies**

Subsidy Program

Under an Interest Rate Subsidy (the "Subsidy") Program, discontinued in 2002, the Corporation pledged to subsidize 1% of the interest charges of certain institutions' long-term debt. To fund this commitment, the Corporation reserved the estimated net present value of the Subsidy. As of June 30, 2022, the remaining commitments on existing Subsidies was \$13,500. The remaining subsidies were paid during 2023.

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, 2023 and 2022

Note 8 - Commitments and Contingencies - Continued

School Building Authority Capital Fund – Private-Purpose Trust Fund

Grants awarded in fiscal year 2023 and cumulative unspent balances available for draw as of June 30, 2023 are as follows:

| | Awarded in Fiscal 2023 | | | | | | Cumulative Balances Available | | | | | | |
|---------------------------------|------------------------|----------------------|----------------------------|------------------------|------------------|------------------------------|-------------------------------|----------------------|----------------------------|-----------------|------------------------|------------------|------------------------------|
| | Total | Technical Assistance | Facility Equity Initiative | Technology & Equipment | Menu for Success | Outdoor Classroom Initiative | Total | Technical Assistance | Facility Equity Initiative | Arts Initiative | Technology & Equipment | Menu for Success | Outdoor Classroom Initiative |
| Achievement First RI | \$ 156,228 | \$ - | \$ - | \$ 156,228 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Barrington | 241,457 | - | - | 241,457 | - | - | 257,462 | - | - | 16,005 | 241,457 | - | - |
| Beacon Charter School | 107,312 | - | - | 26,956 | - | 80,356 | 80,356 | - | - | - | - | - | 80,356 |
| Blackstone Academy | 25,000 | - | - | 25,000 | - | - | - | - | - | - | - | - | - |
| Blackstone Valley Prep | 154,155 | - | - | 154,155 | - | - | 223,270 | - | - | 69,115 | 154,155 | - | - |
| Bristol-Warren RSD | 210,282 | - | - | 210,282 | - | - | 8,036 | - | - | 8,036 | - | - | - |
| Burrillville | 538,765 | - | 303,612 | 152,153 | - | 83,000 | 386,612 | - | 303,612 | - | - | - | 83,000 |
| Central Falls | 5,141,685 | - | 4,165,742 | 450,943 | 125,000 | 400,000 | 3,900,023 | - | 3,422,148 | 53,825 | - | 24,050 | 400,000 |
| Charette Charter | 25,000 | - | - | 25,000 | - | - | 25,000 | - | - | - | 25,000 | - | - |
| Charho RSD | 620,102 | - | - | 395,468 | 125,000 | 99,634 | 192,892 | - | - | 12,779 | 56,429 | 24,050 | 99,634 |
| Compass School, The | 125,000 | - | - | 25,000 | - | 100,000 | 100,000 | - | - | - | - | - | 100,000 |
| Coventry | 3,729,646 | - | 3,176,582 | 428,064 | 125,000 | - | 3,655,455 | - | 3,176,582 | 140,794 | 314,029 | 24,050 | - |
| Cranston | 2,906,843 | - | 1,934,358 | 847,485 | 125,000 | - | 1,982,673 | - | 1,934,358 | - | 24,265 | 24,050 | - |
| Cumberland | 337,768 | - | - | 337,768 | - | - | 106,780 | - | - | 106,780 | - | - | - |
| Davies Career and Tech | 267,940 | - | - | 142,940 | 125,000 | - | 144,452 | - | - | 8,760 | 57,942 | 77,750 | - |
| E Greenwich | 382,469 | - | - | 182,469 | - | 200,000 | 306,703 | - | - | 9,048 | 97,655 | - | 200,000 |
| E Providence | 3,002,090 | - | 2,247,992 | 484,098 | 125,000 | 145,000 | 2,899,803 | - | 2,247,992 | 121,470 | 361,291 | 24,050 | 145,000 |
| Excel Academy | 25,000 | - | - | 25,000 | - | - | 25,000 | - | - | - | 25,000 | - | - |
| Exeter-W Greenwich RSD | 282,117 | - | - | 112,399 | - | 169,718 | 332,511 | - | - | 50,394 | 112,399 | - | 169,718 |
| Foster | 125,000 | - | - | 25,000 | - | 100,000 | 110,000 | - | - | 10,000 | - | - | 100,000 |
| Foster-Glocester RSD | 399,814 | - | - | 99,814 | - | 300,000 | 300,000 | - | - | - | - | - | 300,000 |
| Glocester | 107,838 | - | - | 25,000 | - | 82,838 | 125,053 | - | - | 17,215 | 25,000 | - | 82,838 |
| Greene School, The | 225,000 | - | - | 25,000 | - | 200,000 | 200,000 | - | - | - | - | - | 200,000 |
| Highlander | 144,116 | - | - | 44,116 | - | 100,000 | 144,116 | - | - | - | 44,116 | - | 100,000 |
| Hope Academy, The | 25,000 | - | - | 25,000 | - | - | 35,000 | - | - | 10,000 | 25,000 | - | - |
| International Charter School | 126,241 | - | - | 26,241 | - | 100,000 | 100,000 | - | - | - | - | - | 100,000 |
| Jamestown | 131,746 | - | - | 31,746 | - | 100,000 | 114,526 | - | - | - | 14,526 | - | 100,000 |
| Johnston | 219,291 | - | - | 219,291 | - | - | 317,610 | - | - | 98,319 | 219,291 | - | - |
| Kingston Hill Academy | 125,000 | - | - | 25,000 | - | 100,000 | 100,000 | - | - | - | - | - | 100,000 |
| Learning Community, The | 141,613 | - | - | 41,613 | - | 100,000 | 100,000 | - | - | - | - | - | 100,000 |
| Lincoln | 442,519 | - | - | 232,519 | 125,000 | 85,000 | 431,768 | - | - | 104,249 | 232,519 | 10,000 | 85,000 |
| Little Compton | 25,000 | - | - | 25,000 | - | - | 35,000 | - | - | 10,000 | 25,000 | - | - |
| Met Career and Tech Center, The | 58,630 | - | - | 58,630 | - | - | - | - | - | - | - | - | - |
| Middletown | 148,220 | - | - | 148,220 | - | - | 66,454 | - | - | 66,454 | - | - | - |
| Narragansett | 86,229 | - | - | 86,229 | - | - | - | - | - | - | - | - | - |
| N Kingstown | 427,815 | - | - | 279,852 | - | 147,963 | 150,085 | - | - | 2,122 | - | - | 147,963 |
| N Providence | 3,076,340 | - | 2,828,663 | 247,677 | - | - | 2,816,100 | - | 2,810,607 | - | 5,493 | - | - |
| N Smithfield | 115,402 | - | - | 115,402 | - | - | - | - | - | - | - | - | - |
| New England Laborers | 25,000 | - | - | 25,000 | - | - | - | - | - | - | - | - | - |
| New Shoreham | 125,000 | - | - | 25,000 | - | 100,000 | 100,000 | - | - | - | - | - | 100,000 |
| Newport | 468,638 | - | - | 211,388 | 125,000 | 132,250 | 241,224 | - | - | 63,313 | 21,611 | 24,050 | 132,250 |
| Nuestro Mundo Charter School | 25,000 | - | - | 25,000 | - | - | - | - | - | - | - | - | - |
| Paul Cuffee | 58,344 | - | - | 58,344 | - | - | 6,112 | - | - | 6,112 | - | - | - |
| Pawtucket | 4,357,978 | - | 2,776,943 | 1,356,835 | 125,000 | 99,200 | 5,921,063 | - | 4,440,978 | - | 1,356,835 | 24,050 | 99,200 |
| Portsmouth | 166,971 | - | - | 160,661 | - | 6,310 | 6,310 | - | - | - | - | - | 6,310 |
| Providence | 15,990,460 | 250,000 | 9,259,552 | 3,755,908 | 125,000 | 2,600,000 | 20,006,510 | - | 13,712,554 | 54,350 | 3,615,556 | 24,050 | 2,600,000 |
| PVD Prep | 25,000 | - | - | 25,000 | - | - | - | - | - | - | - | - | - |
| RI Nurses Institute | 25,000 | - | - | 25,000 | - | - | 1,900 | - | - | - | 1,900 | - | - |
| RI School for the Deaf | 25,000 | - | - | 25,000 | - | - | 6,638 | - | - | - | 6,638 | - | - |
| RISE Prep Mayoral Academy | 27,313 | - | - | 27,313 | - | - | - | - | - | - | - | - | - |
| S Kingstown | 477,473 | - | - | 186,473 | - | 291,000 | 497,561 | - | - | 20,088 | 186,473 | - | 291,000 |
| Scituate | 85,514 | - | - | 85,514 | - | - | 12,187 | - | - | - | 12,187 | - | - |
| Segue Institute for Learning | 166,500 | - | - | 25,000 | - | 141,500 | 141,500 | - | - | - | - | - | 141,500 |
| Skip Nowell Leadership Academy | 25,000 | - | - | 25,000 | - | - | - | - | - | - | - | - | - |
| Smithfield | 312,029 | - | - | 171,029 | - | 141,000 | 312,029 | - | - | - | 171,029 | - | 141,000 |
| SouthSide Charter School | 25,000 | - | - | 25,000 | - | - | 4,200 | - | - | 4,200 | - | - | - |
| Times ² Academy | 25,000 | - | - | 25,000 | - | - | - | - | - | - | - | - | - |
| Tiverton | 119,978 | - | - | 119,978 | - | - | - | - | - | - | - | - | - |
| Trinity Academy for Perf Arts | 25,000 | - | - | 25,000 | - | - | - | - | - | - | - | - | - |
| Village Green Virtual | 25,000 | - | - | 25,000 | - | - | - | - | - | - | - | - | - |
| W Warwick | 1,266,799 | - | 572,109 | 594,690 | - | 100,000 | 797,490 | - | 580,357 | 114,187 | 2,946 | - | 100,000 |
| Warwick | 1,523,050 | - | - | 698,050 | 125,000 | 700,000 | 1,312,476 | - | - | 4,411 | 584,015 | 24,050 | 700,000 |
| Westerly | 295,028 | - | - | 170,028 | 125,000 | - | 324,009 | - | - | 76,231 | 170,028 | 77,750 | - |
| Woonsocket | 4,038,490 | - | 2,888,916 | 1,024,574 | 125,000 | - | 4,540,164 | - | 3,388,916 | 181,571 | 945,627 | 24,050 | - |
| | \$ 54,159,238 | \$ 250,000 | \$ 30,154,469 | \$ 15,125,000 | \$ 1,625,000 | \$ 7,004,769 | \$ 54,004,113 | \$ - | \$ 36,018,104 | \$ 1,439,828 | \$ 9,135,412 | \$ 406,000 | \$ 7,004,769 |

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 8 - Commitments and Contingencies - Continued

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 | | | | |
|---------------------------------|------------------------|-------------|----------------------|----------------------------|---------------------|-------------------------------|------------------|----------------------|----------------------------|---------------------|
| | Total | COVID | Technical Assistance | Facility Equity Initiative | Arts Initiative | Total | COVID | Technical Assistance | Facility Equity Initiative | Arts Initiative |
| Achievement First RI | \$ 70,044 | \$ - | \$ - | \$ - | \$ 70,044 | \$ 70,044 | \$ - | \$ - | \$ - | \$ 70,044 |
| Barrington | 108,256 | - | - | - | 108,256 | 108,256 | - | - | - | 108,256 |
| Beacon Charter School | 12,085 | - | - | - | 12,085 | 12,085 | - | - | - | 12,085 |
| Blackstone Academy | 11,028 | - | - | - | 11,028 | 11,028 | - | - | - | 11,028 |
| Blackstone Valley Prep. | 69,115 | - | - | - | 69,115 | 69,115 | - | - | - | 69,115 |
| Bristol-Warren RSD | 94,280 | - | - | - | 94,280 | 244,280 | - | 150,000 | - | 94,280 |
| Burrillville | 68,217 | - | - | - | 68,217 | 68,217 | - | - | - | 68,217 |
| Central Falls | 3,677,456 | - | - | 3,590,870 | 86,586 | 2,995,488 | - | - | 2,908,902 | 86,586 |
| Charette Charter | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Charho RSD | 102,582 | - | - | - | 102,582 | 102,582 | - | - | - | 102,582 |
| Compass School, The | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Coventry | 140,794 | - | - | - | 140,794 | 140,794 | - | - | - | 140,794 |
| Cranston | 328,840 | - | - | - | 328,840 | 328,840 | - | - | - | 328,840 |
| Cumberland | 151,437 | - | - | - | 151,437 | 151,437 | - | - | - | 151,437 |
| Davies Career & Tech | 28,691 | - | - | - | 28,691 | 28,691 | - | - | - | 28,691 |
| E Greenwich | 81,809 | - | - | - | 81,809 | 81,809 | - | - | - | 81,809 |
| E Providence | 161,984 | - | - | - | 161,984 | 187,213 | 25,229 | - | - | 161,984 |
| Exeter-W Greenwich RSD | 50,394 | - | - | - | 50,394 | 50,394 | - | - | - | 50,394 |
| Foster | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Foster-Glocester RSD | 44,752 | - | - | - | 44,752 | 44,752 | - | - | - | 44,752 |
| Glocester | 17,215 | - | - | - | 17,215 | 17,215 | - | - | - | 17,215 |
| Greene School, The | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Highlander | 19,779 | - | - | - | 19,779 | 19,779 | - | - | - | 19,779 |
| Hope Academy, The | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| International Charter School | 11,765 | - | - | - | 11,765 | 11,765 | - | - | - | 11,765 |
| Jamestown | 14,233 | - | - | - | 14,233 | 14,233 | - | - | - | 14,233 |
| Johnston | 98,319 | - | - | - | 98,319 | 98,319 | - | - | - | 98,319 |
| Kingston Hill Academy | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Learning Community, The | 18,657 | - | - | - | 18,657 | 18,657 | - | - | - | 18,657 |
| Lincoln | 104,249 | - | - | - | 104,249 | 104,249 | - | - | - | 104,249 |
| Little Compton | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Met Career and Tech Center, The | 26,287 | - | - | - | 26,287 | 26,287 | - | - | - | 26,287 |
| Middletown | 66,454 | - | - | - | 66,454 | 66,454 | - | - | - | 66,454 |
| N Kingstown | 125,471 | - | - | - | 125,471 | 125,471 | - | - | - | 125,471 |
| N Providence | 111,045 | - | - | - | 111,045 | 111,045 | - | - | - | 111,045 |
| N Smithfield | 51,740 | - | - | - | 51,740 | 51,740 | - | - | - | 51,740 |
| Narragansett | 38,661 | - | - | - | 38,661 | 38,661 | - | - | - | 38,661 |
| New England Laborers | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| New Shoreham | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Newport | 63,313 | - | - | - | 63,313 | 63,313 | - | - | - | 63,313 |
| Nuestro Mundo Charter School | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Paul Cuffee | 26,158 | - | - | - | 26,158 | 26,158 | - | - | - | 26,158 |
| Pawtucket | 4,616,363 | - | - | 4,355,836 | 260,527 | 4,394,512 | - | - | 4,133,985 | 260,527 |
| Portsmouth | 72,032 | - | - | - | 72,032 | 72,032 | - | - | - | 72,032 |
| Providence | 5,147,227 | - | - | 4,453,002 | 694,225 | 5,147,227 | - | - | 4,453,002 | 694,225 |
| PVD Prep | 60,000 | - | 50,000 | - | 10,000 | 37,025 | - | 27,025 | - | 10,000 |
| RI Nurses Institute | 10,483 | - | - | - | 10,483 | 60,483 | - | 50,000 | - | 10,483 |
| RI School for the Deaf | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| RISE Prep Mayoral Academy | 12,246 | - | - | - | 12,246 | 12,246 | - | - | - | 12,246 |
| S Kingstown | 83,605 | - | - | - | 83,605 | 83,605 | - | - | - | 83,605 |
| Scituate | 38,340 | - | - | - | 38,340 | 38,340 | - | - | - | 38,340 |
| Segue Institute for Learning | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Skip Nowell Leadership Academy | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Smithfield | 76,680 | - | - | - | 76,680 | 76,680 | - | - | - | 76,680 |
| SouthSide Charter School | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Times ² Academy | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Triverton | 53,792 | - | - | - | 53,792 | 53,792 | - | - | - | 53,792 |
| Trinity Academy for Perf Arts | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| Village Green Virtual | 10,000 | - | - | - | 10,000 | 10,000 | - | - | - | 10,000 |
| W Warwick | 606,841 | - | - | 492,654 | 114,187 | 606,841 | - | - | 492,654 | 114,187 |
| Warwick | 261,841 | - | - | - | 261,841 | 261,841 | - | - | - | 261,841 |
| Westerly | 76,231 | - | - | - | 76,231 | 76,231 | - | - | - | 76,231 |
| Woonsocket | 681,571 | - | - | 500,000 | 181,571 | 681,571 | - | - | 500,000 | 181,571 |
| YouthBuild Academy | 50,000 | - | 50,000 | - | - | 3,000 | - | 3,000 | - | - |
| | <u>\$ 18,012,362</u> | <u>\$ -</u> | <u>\$ 100,000</u> | <u>\$ 13,392,362</u> | <u>\$ 4,520,000</u> | <u>\$ 17,263,797</u> | <u>\$ 25,229</u> | <u>\$ 230,025</u> | <u>\$ 12,488,543</u> | <u>\$ 4,520,000</u> |

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

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 8 - Commitments and Contingencies - Continued

School Construction Bond Program

Project awards consist of capital grants awarded by the SBA utilizing proceeds from general obligation bonds issued by the State. The State provided funding to PayGo only as needed to meet current disbursement requirements.

During fiscal 2023, the SBA awarded \$108,875,508 of PayGo funds to 8 of the State's LEAs. For fiscal year 2023, PayGo reported transfers from the state of \$86,329,440 and related project cost expenses of \$69,057,898. This amount reflected LEA project costs incurred during fiscal 2023, as approved and reported by the SBA.

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.

Note 9 - Net Position Designations

The Board of Directors of the Corporation (the "Board") has designated certain unrestricted net position of the Corporation for the years ended June 30, 2023 and 2022 as follows:

Self-Insurance

This designation was established to provide for the deductible exclusion for existing Corporation insurance policies. The Board designated \$500,000 and \$1,000,000 of net position for self-insurance at June 30, 2023 and 2022, respectively.

Operating Reserves

This designation was established to provide for expenditures incurred as a result of operating contingencies. The Board designated \$2,500,000 of net position for operating reserves at June 30, 2023 and 2022, respectively.

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

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 9 - Net Position Designations - Continued

Financial Assistance Program

This designation was established to provide eligible institutions with a grant or a direct loan for the funding of qualified projects. The Board designated \$5,000,000 and \$2,500,000 of net position for financial assistance at June 30, 2023 and 2022, respectively.

School Building Authority

As disclosed in Note 12, in accordance with Article 9 of the fiscal 2019 Appropriation Act, the Corporation is required to pay certain limited personnel expenses of the School Building Authority. This designation was established for the purpose of funding differences between the fees generated from the issuance of school construction bonds and SBA personnel expenses. During fiscal 2019, the Board originally designated \$3,000,000 for this purpose. At June 30, 2023 and 2022, the amounts designated were approximately \$400,000 and \$1,900,000, respectively.

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 \$260,000 remains outstanding due to grantees not meeting eligibility requirements for nonexchange transactions as set forth in GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Note 10 - Other Income

Other income for the years ended June 30, 2023 and 2022 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, 2023 and 2022

Note 11 - Pension Plan

The Corporation sponsors and contributes to the Rhode Island Health and Educational Building Corporation 403(b) Retirement Plan (the "Plan"), a defined contribution pension plan operated in accordance with Section 403(b) of the Internal Revenue Code and administered by the Vanguard Fiduciary Trust Company. The Board established the Plan and maintains the ability to amend the Plan's provisions, including employer contribution rates. All full-time employees of the Corporation enter the Plan after six months of service. The Corporation contributes 10% of participants' salaries and employee contributions are optional per the Plan documents. The defined contribution plan is not a fiduciary activity since the Corporation does not hold the assets nor has the ability to direct the use, exchange or deployment of the assets. The Corporation's contributions to the Plan totaled \$48,222 and \$49,211, respectively, for the fiscal years ended June 30, 2023 and 2022, respectively.

Note 12 - Contributions to State

In accordance with Rhode Island General Law Section 16-105-7, the Corporation was required to contribute \$255,752 and \$257,613 to the State of Rhode Island during the years ended June 30, 2023 and 2022, 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 Funds

June 30, 2023

| | <u>Assets</u> | | | |
|---|-----------------------------------|----------------------|----------------------|---------------------|
| | <u>Housing Aid</u> | <u>SBACF</u> | <u>PayGo</u> | <u>Total</u> |
| Assets: | | | | |
| Cash and equivalents | \$ - | \$ 68,720,500 | \$ 16,430,895 | \$85,151,395 |
| Loans receivable | - | 685,840 | - | 685,840 |
| Due from other funds | - | 24,000 | - | 24,000 |
| Due from primary state government | - | - | - | - |
| Accrued interest receivable | <u>-</u> | <u>1,147</u> | <u>-</u> | <u>1,147</u> |
| Total Assets | <u>\$ -</u> | <u>\$ 69,431,487</u> | <u>\$ 16,430,895</u> | <u>\$85,862,382</u> |
| | <u>Liability and Net Position</u> | | | |
| Liabilities: | | | | |
| Project costs payable | \$ - | \$ 7,386,568 | \$ 6,589,180 | \$13,975,748 |
| Due to other funds | <u>24,000</u> | <u>-</u> | <u>-</u> | <u>24,000</u> |
| Total Liabilities | <u>24,000</u> | <u>7,386,568</u> | <u>6,589,180</u> | <u>13,999,748</u> |
| Net Position: | | | | |
| Restricted: | | | | |
| Held for authorized projects | - | 54,004,113 | - | 54,004,113 |
| Available for future projects | <u>(24,000)</u> | <u>8,040,806</u> | <u>9,841,715</u> | <u>17,858,521</u> |
| Total Net Position | <u>(24,000)</u> | <u>62,044,919</u> | <u>9,841,715</u> | <u>71,862,634</u> |
| Total Liabilities and Net Position | <u>\$ -</u> | <u>\$ 69,431,487</u> | <u>\$ 16,430,895</u> | <u>\$85,862,382</u> |

See independent auditor's 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 Funds

June 30, 2022

Assets

| | <u>Housing</u> | <u>SBACF</u> | <u>PayGo</u> | <u>Total</u> |
|-----------------------------------|----------------|----------------------|----------------------|----------------------|
| Assets: | | | | |
| Cash and equivalents | \$ 694 | \$ 16,274,043 | \$ 4,076,294 | \$ 20,351,031 |
| Loans receivable | - | 903,065 | - | 903,065 |
| Due from other funds | - | 694 | - | 694 |
| Due from primary state government | - | - | 13,375,633 | 13,375,633 |
| Accrued interest receivable | - | 1,506 | - | 1,506 |
| | <u>-</u> | <u>1,506</u> | <u>-</u> | <u>1,506</u> |
| Total Assets | <u>\$ 694</u> | <u>\$ 17,179,308</u> | <u>\$ 17,451,927</u> | <u>\$ 34,631,929</u> |

Liabilities and Net Position

| | | | | |
|---|---------------|----------------------|----------------------|----------------------|
| Current Liabilities: | | | | |
| Project costs payable | \$ - | \$ 2,041,632 | \$ 17,451,927 | \$ 19,493,559 |
| Due to other funds | 694 | - | - | 694 |
| | <u>694</u> | <u>-</u> | <u>-</u> | <u>694</u> |
| 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 | - | 15,137,676 | - | 15,137,676 |
| Available for future projects | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 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 auditor's 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 Funds

For the Year Ended June 30, 2023

| | <u>Housing Aid</u> | <u>SBACF</u> | <u>PayGo</u> | <u>Total</u> |
|--|---------------------------|-----------------------------|----------------------------|-----------------------------|
| Additions: | | | | |
| State appropriations | \$ 65,818,017 | \$ 53,810,282 | \$ 86,329,440 | \$ 205,957,739 |
| Interest earned on loans receivable | - | 17,714 | - | 17,714 |
| Investment earnings: | | | | |
| Interest income | 655,852 | 1,275,264 | 300,631 | 2,231,747 |
| Transfer from (to) other program | <u>(679,852)</u> | <u>8,410,310</u> | <u>(7,730,458)</u> | <u>-</u> |
| Total Additions | 65,794,017 | 63,513,570 | 78,899,613 | 208,207,200 |
| Deductions: | | | | |
| Housing aid | 65,818,017 | - | - | 65,818,017 |
| Project cost grants | - | 16,590,577 | 69,057,898 | 85,648,475 |
| Administrative expenses | <u>-</u> | <u>15,750</u> | <u>-</u> | <u>15,750</u> |
| Total Deductions | <u>65,818,017</u> | <u>16,606,327</u> | <u>69,057,898</u> | <u>151,482,242</u> |
| Increase (Decrease) in Fiduciary Net Position | (24,000) | 46,907,243 | 9,841,715 | 56,724,958 |
| Net Position, at Beginning of Year | <u>-</u> | <u>15,137,676</u> | <u>-</u> | <u>15,137,676</u> |
| Net Position, at End of Year | <u>\$ (24,000)</u> | <u>\$ 62,044,919</u> | <u>\$ 9,841,715</u> | <u>\$ 71,862,634</u> |

See independent auditor's 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 Funds

For the Year Ended June 30, 2022

| | <u>Housing</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 | <u>56,089,159</u> | <u>8,992,384</u> | <u>53,301,119</u> | <u>118,382,662</u> |
| 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></u> | <u><u>\$ 15,137,676</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 15,137,676</u></u> |

See independent auditor's 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, 2023

**Greater Providence Chamber of Commerce: 2022 Gubernatorial Election Forum
September 8, 2022**

| Attendee | Payee | Purpose | Date Paid | Amount Paid |
|------------|------------|--------------|--------------|----------------|
| Kim Mooers | Kim Mooers | Registration | 10/13/2022 | \$ 50.00 |
| | | | Total | \$ 50.00 |

**National Association of Health & Educational Facilities Finance Authorities - Bozeman MT
September 13 - 16, 2022**

| Attendee | Payee | Purpose | Date Paid | Amount Paid |
|------------|------------|--|--------------|----------------|
| Kim Mooers | NAHEFFA | Registration | 10/13/2022 | \$ 550.00 |
| Kim Mooers | Kim Mooers | Airfare, Lodging, Meals, Transportation | 10/13/2022 | 2,366.39 |
| | | | Total | \$2,916.39 |

**RIHEBC Year-End Event - Providence RI
December 14, 2022**

| Attendee | Payee | Purpose | Date Paid | Amount Paid |
|----------|------------|-----------------------|--------------|----------------|
| | Kim Mooers | CAV - Food, Beverages | 1/3/2023 | \$2,453.82 |
| | | | Total | \$2,453.82 |

See independent auditor's 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, 2023

Providence Business News: 2023 Economic Trends Summit

January 26, 2023

| Attendee | Payee | Purpose | Date Paid | Amount Paid |
|----------------|----------------|--------------|--------------|----------------|
| Scott O'Malley | Scott O'Malley | Registration | 1/17/2023 | \$ 65.00 |
| Kim Mooers | Kim Mooers | Registration | 2/21/2023 | 65.00 |
| Total | | | | \$ 130.00 |

Greater Providence Chamber of Commerce: 2023 RI Legislative Leadership Luncheon

February 15, 2023

| Attendee | Payee | Purpose | Date Paid | Amount Paid |
|----------------|----------------|--------------|--------------|----------------|
| Scott O'Malley | Scott O'Malley | Registration | 1/9/2023 | \$ 85.00 |
| Kim Mooers | Kim Mooers | Registration | 2/21/2023 | 85.00 |
| Total | | | | \$ 170.00 |

Rhode Island League of Cities & Towns Annual Convention

March 23, 2023

| Attendee | Payee | Purpose | Date Paid | Amount Paid |
|----------------|--------|--------------|--------------|----------------|
| Kim Mooers | RI LCT | Registration | 2/8/2023 | \$ 30.00 |
| Scott O'Malley | RI LCT | Registration | 2/8/2023 | 30.00 |
| Jenn Almeida | RI LCT | Registration | 2/8/2023 | 30.00 |
| Dina Munroe | RI LCT | Registration | 2/8/2023 | 30.00 |
| Bill Murray | RI LCT | Registration | 2/8/2023 | 30.00 |
| Total | | | | \$ 150.00 |

See independent auditor's 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, 2023

National Association of Health & Educational Facilities Finance Authorities - Washington DC April 16 - 18, 2023

| Attendee | Payee | Purpose | Date Paid | Amount Paid |
|------------|------------|--|--------------|-----------------|
| Kim Mooers | Kim Mooers | Registration | 6/6/2023 | \$ 550.00 |
| Kim Mooers | Kim Mooers | Airfare, Lodging, Meals, Transportation | 6/6/2023 | <u>2,033.91</u> |
| | | | Total | \$ 2,583.91 |

Providence Business News: 2023 Business Women Awards May 25, 2023

| Attendee | Payee | Purpose | Date Paid | Amount Paid |
|------------|------------|--------------|--------------|------------------|
| Kim Mooers | Kim Mooers | Registration | 6/6/2023 | <u>\$ 110.00</u> |
| | | | Total | \$ 110.00 |

Greater Providence Chamber of Commerce: 2023 Congressional Breakfast June 12, 2023

| Attendee | Payee | Purpose | Date Paid | Amount Paid |
|----------------|----------------|--------------|--------------|-----------------|
| Scott O'Malley | Scott O'Malley | Registration | 5/16/2023 | <u>\$ 60.00</u> |
| | | | Total | \$ 60.00 |

See independent auditor's 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, 2023

Miscellaneous Disbursements

July 1, 2022 - June 30, 2023

| Payee | Purpose | Date Paid | Amount Paid |
|--------------------------------------|------------------------------|--------------|--------------------------|
| Dina Munroe | Mileage (July) | 7/28/2022 | \$ 33.50 |
| Kim Mooers | Mileage (July-Sept.) | 10/13/2022 | 34.94 |
| Kim Mooers | Mileage (Nov.-Dec.) | 1/3/2023 | 85.25 |
| Kim Mooers | Staff lunch | 1/3/2023 | 53.20 |
| Dina Munroe | Mileage (Dec.) | 1/3/2023 | 41.00 |
| Jenn Almeida | Mileage (Sept.-Dec.) | 2/21/2023 | 40.00 |
| Kim Mooers | Lunch with board chairwoman | 2/21/2023 | 92.51 |
| Jenn Almeida | Mileage (Mar. & May) | 5/16/2023 | 43.23 |
| Kim Mooers | Mileage (Mar. & May) | 6/6/2023 | 86.79 |
| Kim Mooers | Lunch with board chairwoman | 6/6/2023 | 42.19 |
| Kim Mooers | Lunch with investment banker | 6/6/2023 | 51.28 |
| Total | | | \$ 603.89 |
| Total Travel & Entertainment Expense | | | <u><u>\$9,228.01</u></u> |

See independent auditor's 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 Net Position - Attachment B

June 30, 2023

Assets:

Current Assets:

| | |
|----------------------|------------------|
| Cash and equivalents | \$ 3,819,088 |
| Receivables | 128,164 |
| Restricted assets: | |
| Cash and equivalents | 5,003,894 |
| Other assets | <u>92,251</u> |
| Total Current Assets | <u>9,043,397</u> |

Noncurrent Assets:

| | |
|------------------------------------|------------------|
| Investments | |
| Receivables (net) | 416,812 |
| Capital assets - depreciable (net) | <u>314,265</u> |
| Total Noncurrent Assets | <u>731,077</u> |
| Total Assets | <u>9,774,474</u> |

Liabilities:

Current Liabilities:

| | |
|------------------------------------|----------------|
| Due to primary government | 68,746 |
| Accrued expenses | 64,046 |
| Current portion of lease liability | <u>103,197</u> |
| Total Current Liabilities | <u>235,989</u> |

Non-Current Liabilities:

| | |
|---|----------------|
| Lease liability, net of current portion | <u>213,490</u> |
| Total Liabilities | <u>449,479</u> |

Net Position:

| | |
|--------------------------------|----------------------------|
| Net invested in capital assets | (2,422) |
| Restricted for: | |
| Other | 5,003,894 |
| Unrestricted | <u>4,323,523</u> |
| Total Net Position | <u><u>\$ 9,324,995</u></u> |

See independent auditor's 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 Activities - Attachment C

For the Year Ended June 30, 2023

| | |
|---|-----------------------------------|
| Expenses | \$ <u>2,038,661</u> |
| Program Revenues: | |
| Charges for services | <u>2,259,572</u> |
| Net (Expenses) Revenues | 220,911 |
| General Revenues: | |
| Interest and investment earnings | 295,221 |
| Miscellaneous revenue | <u>-</u> |
| Total General Revenue | <u>295,221</u> |
| Interest Expense | (12,102) |
| Payments to Primary Government | <u>(255,752)</u> |
| Change in Net Position | <u>248,278</u> |
| Total Net Position, Beginning of Year | <u>9,076,717</u> |
| Total Net Position, End of Year | <u><u>\$ 9,324,995</u></u> |

See independent auditor's 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, 2023

Lease Liability

| Fiscal Year <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------------|--------------------------|-------------------------|
| 2024 | \$ 103,197 | \$ 8,766 |
| 2025 | 108,239 | 5,340 |
| 2026 | <u>105,251</u> | <u>5,275</u> |
| | <u><u>\$ 316,687</u></u> | <u><u>\$ 19,381</u></u> |

See independent auditor's 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, 2023

| | <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 | <u>\$ 413,533</u> | <u>\$ -</u> | <u>\$ 96,846</u> | <u>\$ 316,687</u> | <u>\$ 103,197</u> | <u>\$ 213,490</u> |
| | <u><u>\$ 413,533</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 96,846</u></u> | <u><u>\$ 316,687</u></u> | <u><u>\$ 103,197</u></u> | <u><u>\$ 213,490</u></u> |

See independent auditor's report on supplementary information.

**Independent Auditor's 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 AUDITOR'S 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 Education Building Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity and the aggregate remaining fund information of Rhode Island Health and Educational Building Corporation (the "Corporation") (a component unit of the state of Rhode Island), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 27, 2023.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WithumSmith+Brown, PC

September 27, 2023