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, 2026

withum
ADVISORY TAX AUDIT

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, 2026 and 2025

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withum
ADVISORY TAX AUDIT

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 years ended June 30, 2026 and 2025, 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, 2026 and 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Corporation adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*; our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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, 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 required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2026, 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.

Wilkum Smith + Brown, PC

October 27, 2026

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis

June 30, 2026 and 2025

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, 2026 and 2025. 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 Revenues, Expenses, and Changes in Net Position - Presents information showing how the Corporation's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued compensable absences).

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

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

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis

June 30, 2026 and 2025

FINANCIAL SUMMARY

Condensed Statements of Net Position

	2026	2025	2024
Capital assets, net	**$ 26,649**	$ 127,409	$ 210,801
Other assets	**13,042,434**	12,243,258	10,996,616
Total assets	**13,069,083**	12,370,667	11,207,417
Other liabilities	**1,253,617**	1,253,828	851,633
Total liabilities	**1,253,617**	1,253,828	851,633
Net investment in capital assets	**26,649**	22,157	(2,690)
Restricted	**462,192**	287,206	5,022,381
Unrestricted	**11,326,625**	10,807,476	5,336,093
Total net position	**$ 11,815,466**	$ 11,116,839	$ 10,355,784

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis

June 30, 2026 and 2025

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

	2026	2025	2024
Operating revenues:			
Administrative fees	**$ 3,137,656**	$ 3,047,909	$ 2,649,912
Interest earned on loans receivable	**35,830**	40,016	21,021
Other income	**21,880**	1,387	23,484
Total operating revenues	**3,195,366**	3,089,312	2,694,417
Operating expenses:			
Administrative	**1,520,655**	1,384,247	1,460,187
Grants	**1,000,012**	993,605	248,240
Payment to primary state government	**274,168**	254,353	242,491
Depreciation	**102,054**	109,398	108,528
Total operating expenses	**2,896,889**	2,741,603	2,059,446
Operating income	**298,477**	347,709	634,971
Non-operating revenues (expenses):			
Interest earned on investments	**404,364**	430,170	415,058
Interest expense	**(4,214)**	(16,824)	(19,240)
Total non-operating revenues (expenses)	**400,150**	413,346	395,818
Increase in net position	**698,627**	761,055	1,030,789
Net position, beginning of year	**11,116,839**	10,355,784	9,324,995
Net position, end of year	**$ 11,815,466**	$ 11,116,839	$ 10,355,784

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis

June 30, 2026 and 2025

DETAILED ANALYSIS

Total Assets

The Corporation recorded $13.1M in total assets for fiscal year 2026, an increase of $698,400 or 6% during the fiscal year. The Corporation's cash and equivalents increased $892,300. Investments had a net increase of $950,000 through reinvestment of interest income and investing 1.2M of surplus cash. The Corporation sold $629,200 of investments to fund grants during the fiscal year. Cash held in demand deposit accounts decreased $232,700 due to a greater amount of surplus cash being transferred to the Corporation's investments than the prior fiscal year. Cash restricted for payment to primary state government increased $175,000 due to cash receipts from public-school financings being $458,100, while cash disbursements for payments to primary state government totaled $281,800. The Corporation did not issue any new loans during the fiscal year to offset paydowns on its existing outstanding loans, resulting in a decrease in loans receivable of $100,600. In comparison, the Corporation recorded $12.4M in total assets for fiscal year 2025, an increase of $1.2M or 10% during the fiscal year. The Corporation's investment increased $669,200 due to reinvestment of interest income and investing over $800,000 of surplus cash. Due to the termination of a $5M line of credit agreement, the Corporation was required to surrender $500,000 to the bank as repayment for outstanding draws. Cash held in demand deposit accounts increased $339,200 due to an increase in administrative fee revenues over the prior fiscal year. Cash restricted for payment to primary state government increased $264,800 due to cash receipts from public-school financings being $469,300, while cash disbursements for payments to primary state government totaled $226,000. The Corporation did not issue any new loans during the fiscal year to offset paydowns on its existing outstanding loans, resulting in a decrease in loans receivable of $91,800.

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

Total Liabilities

There was no material change in total liabilities during fiscal year 2026. The Corporation recorded grants payable of $1M for fiscal year 2026 versus $993,600 for fiscal year 2025. The Corporation recorded $105,400 in deferred revenues due to prepayment of administrative fees, while lease liability for office space decreased $105,300 due to the expiration of the Corporation's office space lease. Accrued expenses increased $6,000 while amounts due to primary state government decreased $7,700. In comparison, total liabilities increased $402,200 or 47% during fiscal year 2025. The Corporation recorded grants payable of $993,600 for fiscal year 2025, reflecting the amount of grants awarded by the Corporation's Board. No grants were awarded during the prior fiscal year. The Corporation's loans payable of $500,000, representing draws on its line of credit, was repaid in full upon termination of the agreement during the fiscal year. The Corporation's lease liability for office space decreased $108,200 during the fiscal year.

More detail on amounts due to primary state government can be found in the notes to the financial statements.

Total Net Position

Total net position for fiscal year 2026 was $11.8M, an increase of $698,600 or 6% over the prior fiscal year. In comparison, total net position for fiscal year 2025 was $11.1M, an increase of $761,100 or 7% over the prior fiscal year.

As required by GASB 46, the Corporation's net position is classified as either net investment in capital assets, restricted or unrestricted.

- Explanation of changes in net investment in capital assets can be found in the Capital Assets section of the MD&A.

- Restricted net position represents amounts held in a custodial account for the purpose of paying certain limited personnel expenses of the Rhode Island Department of Education's School Building Authority. Explanation of changes in restricted net position can be found in the Total Assets section of the MD&A.

- Explanation of changes in unrestricted net position can be found in the discussion of revenues and expenses immediately following the Condensed Statements of Revenues, Expenses and Changes in Net Position.

Revenues

Administrative Fees (unrestricted)
The Corporation's main source of revenue is the annual fee it charges borrowers based on the amount of bonds outstanding. Administrative fee revenues increased $253,247 or 10% for fiscal year 2026 as the Corporation issued $336.7M to finance new projects. In comparison, administrative fee revenues increased $122,500 or 5% for fiscal year 2025 as the Corporation issued $310.3M to finance new projects.

Administrative Fees (restricted)
These revenues are the statutory fees the Corporation generates from public school municipal bond issuances for the purpose of supporting the funding of certain limited personnel expenses of the Rhode Island Department of Education's School Building Authority. Administrative fee revenues decreased $163,500 or 30% for fiscal year 2026 as the Corporation issued fewer public-school bonds during the fiscal year. The Corporation issued $381.9M on behalf of seven school districts. In comparison, administrative fee revenues increased $275,500 or 102% for fiscal year 2025 as the Corporation issued $545.5M on behalf of ten school districts.

Interest Income (Investments)
Due to declining interest rates, the Corporation recorded investment income of $404,400 for fiscal year 2026, a decrease of $25,800 or 6% over fiscal year 2025. In comparison, the Corporation recorded investment income of $430,200 for fiscal year 2025, an increase of $15,100 or 4% over fiscal year 2024.

Expenses

Administrative

Administrative expenses increased $136,400 or 10% for fiscal year 2026. Employee compensation increased $58,300 or 10% due to employment of an additional staff member. Health insurance expense increased $22,600 or 16% due to premium increases by the provider. Legal expenses increased $52,600 or 33% due to increased assistance from outside legal counsel. Financial consultant expenses increased $26,300 or 121% due to assistance with grant application review and analysis of potential bond refunding opportunities. In comparison, administrative expenses decreased $76,000 or 5% for fiscal year 2025. The decrease is mainly due to employee compensation decreasing $141,200 or 20% due to the expiration of a salary continuation agreement with a former employee. Legal expenses decreased $63,300 or 27% due to the termination of a contract employee and an IRS audit of a bond issued by the Corporation increasing legal assistance for the prior fiscal year. Certain expenses did experience an increase in fiscal year 2025. Marketing and public relations increased $70,200 or 247% as the Corporation increased efforts to raise awareness about its financial assistance programs. Travel and entertainment increased $19,000 or 126% due to increased event attendance over the prior fiscal year. Audit fees increased $37,900 or 161% due to fees associated with the Corporation's statutory transparency audit. The statute specifies all quasi-public entities in the state undergo a transparency audit every five years.

Grants

The Corporation's board of directors approved $1,000,000 in grants to eligible organizations during fiscal year 2026. The Corporation did not pay any grant awards to recipients prior to the end of the fiscal year. The Corporation's board of directors approved $993,600 in grants to eligible organizations during fiscal year 2025.

Payments to the State

The 2019 state budget legislation stipulated the Corporation pay certain limited personnel expenses of the Rhode Island Department of Education's School Building Authority. To satisfy this obligation, the Corporation transfers quarterly payments to the State of Rhode Island's general fund. The Corporation's payments totaled $274,200 and $254,400 for fiscal years 2026 and 2025, respectively, an increase of $19,800 or 8%.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis

June 30, 2026 and 2025

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Asset Activity

Capital assets decreased during fiscal year 2026 due to recognition of depreciation in the amount of $93,100 on the right-to-use lease asset. The office space lease right-to-use asset was fully depreciated during the fiscal year due to expiration of the lease term. Capital assets decreased during fiscal year 2025 due to recognition of depreciation in the amount of $101,500 on the right-to-use lease asset. The Corporation also invested $26,000 in capital assets during fiscal year 2025.

More details on the Corporation's capital assets can be found in the notes to the financial statements.

Long-Term Financing Activity

The Corporation's outstanding conduit debt activity for the last three fiscal years is as follows:

	2026	2025	2024
Bonds Payable	**$ 4,969,963,783**	$ 4,414,025,928	$ 3,877,151,327

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

The Corporation completed 12 bond and note financings totaling $833,025,000 during fiscal year 2026. Of that amount, approximately $718,646,230 was issued to finance new projects and $114,378,770 was issued to refund prior bonds. In comparison, the Corporation completed 14 bond and note financings totaling $855,791,000 during fiscal year 2025. Of that amount, approximately $849,376,000 was issued to finance new projects and $6,415,000 was issued to refund prior bonds.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(A Component Unit of the State of Rhode Island)

Management's Discussion and Analysis

June 30, 2026 and 2025

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

As previously stated, the Corporation's 5-year lease of its current office space expired on May 31, 2026. On June 24, 2026, the Corporation executed an extension through December 31, 2026. Other than the aforementioned, the Corporation has no additional plans that may have a material effect on the carrying value or classification of any assets or liabilities. The Corporation is not involved in any litigation or aware of any pending litigation that may have a material effect on its net position; does not foresee any retirement or refunding of bonds that may have a material effect on revenues; does not expect any significant changes in the nature of its operations; and does not foresee any losses on receivables that may have a material effect on its net position.

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

CONTACTING THE CORPORATION

This financial report is designed to provide Rhode Island citizens and taxpayers, and the Corporation's 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,

Assets

	2026	2025
Current Assets:		
Cash and equivalents	**$ 11,638,257**	$ 10,920,934
Restricted cash and equivalents	**462,192**	287,206
Current portion of loans receivable	**105,247**	100,576
Accounts receivable	**115,064**	116,228
Prepaid expenses	**112,652**	104,045
Total Current Assets	**12,433,412**	11,528,989
Non-Current Assets:		
Loans receivable, net of current portion	**609,022**	714,269
Capital assets, net	**26,649**	127,409
Total Non-Current Assets	**635,671**	841,678
Total Assets	**$ 13,069,083**	$ 12,370,667

Liabilities and Net Position

Current Liabilities:		
Accrued expenses	**$ 68,750**	$ 67,867
Current portion of lease liability	**-**	105,252
Due to primary state government	**79,430**	87,104
Grants payable	**1,000,012**	993,605
Deferred revenue	**105,425**	-
Total Current Liabilities	**1,253,617**	1,253,828
Total Liabilities	**1,253,617**	1,253,828
Net Position:		
Net investment in capital assets	**26,649**	22,157
Restricted:		
Payments to primary state government	**462,192**	287,206
Unrestricted	**11,326,625**	10,807,476
Total Net Position	**11,815,466**	11,116,839
Total Liabilities and Net Position	**$ 13,069,083**	$ 12,370,667

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

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30,

	2026	2025
Operating Revenues:		
Administrative fees	**$ 3,137,656**	$ 3,047,909
Interest earned on loans receivable	**35,830**	40,016
Other income	**21,880**	1,387
Total Operating Revenues	**3,195,366**	3,089,312
Operating Expenses:		
Administrative	**1,520,655**	1,384,247
Grants	**1,000,012**	993,605
Payment to primary state government	**274,168**	254,353
Depreciation	**102,054**	109,398
Total Operating Expenses	**2,896,889**	2,741,603
Operating Income	**298,477**	347,709
Non-Operating Revenues (Expenses):		
Interest income	**404,364**	430,170
Interest expense	**(4,214)**	(16,824)
Total Non-Operating Revenues	**400,150**	413,346
Increase in Net Position	**698,627**	761,055
Net Position, Beginning of Year	**11,116,839**	10,355,784
Net Position, End of Year	**$ 11,815,466**	$ 11,116,839

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,

	2026	2025
Cash Flows from Operating Activities:		
Cash received from institutions for administrative fees	**$ 3,244,245**	$ 2,984,804
Cash received from collections on loans receivable	**100,576**	91,767
Cash received from interest earned on loans receivable	**35,830**	40,016
Cash received from other sources	**21,880**	1,387
Payment to primary state government	**(281,842)**	(225,971)
Payment to grantees	**(993,605)**	-
Payment of employees for services	**(666,497)**	(603,182)
Payment to suppliers for goods and services	**(861,882)**	(794,627)
Net Cash Provided by Operating Activities	**598,705**	1,494,194
Cash Flows from Capital and Related Financing Activities:		
Interest expense	**(4,214)**	(16,824)
Payments on line of credit	**-**	(500,000)
Payments on lease obligations	**(105,252)**	(108,239)
Purchase of capital assets	**(1,294)**	(26,006)
Net Cash Applied to Capital and Related Financing Activities	**(110,760)**	(651,069)
Cash Flows from Investing Activity:		
Net investment income	**404,364**	430,170
Net Increase in Cash and Equivalents and Restricted Cash and Equivalents	**892,309**	1,273,295
Cash and Equivalents and Restricted Cash and Equivalents at Beginning of Year	**11,208,140**	9,934,845
Cash and Equivalents and Restricted Cash and Equivalents, at End of Year	**$ 12,100,449**	$ 11,208,140
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	**$ 298,477**	$ 347,709
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**102,054**	109,398
Changes in assets and liabilities:		
Accounts receivable	**1,164**	(63,105)
Prepaid expenses	**(8,607)**	(2,009)
Loans receivable	**100,576**	91,767
Grants payable	**6,407**	993,605
Due to primary state government	**(7,674)**	28,382
Deferred revenue	**105,425**	-
Accrued expenses	**883**	(11,553)
Net Cash Provided by Operating Activities	**$ 598,705**	$ 1,494,194
Cash and equivalents and restricted cash and equivalents are comprised of the following:		
Cash and equivalents	**$ 11,638,257**	$ 10,920,934
Restricted cash and equivalents	**462,192**	287,206
	$ 12,100,449	$ 11,208,140

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,

Assets

	2026	2025
Assets:		
Cash and equivalents	**$ 35,099,922**	$ 35,304,503
Restricted cash	**9,386,620**	6,536,721
Loans receivable	**34,170**	251,393
Due from other funds	**10,729,682**	-
Accrued interest receivable	**67**	427
Total Assets	**$ 55,250,461**	$ 42,093,044

Liabilities and Net Position

Liabilities:		
Project costs payable	**$ 35,024,936**	$ 4,461,011
Funds held for others	**9,386,620**	6,536,721
Total Liabilities	**44,411,556**	10,997,732
Net Position:		
Restricted:		
Held for authorized projects	**15,004,859**	24,692,310
Available for future projects	**(4,165,954)**	6,403,002
Total Net Position	**10,838,905**	31,095,312
Total Liabilities and Net Position	**$ 55,250,461**	$ 42,093,044

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,

	2026	2025
Additions:		
State appropriations	**$ 81,862,436**	$ 83,285,547
State bond proceeds appropriations	**131,496,688**	36,011,777
Interest earned on loans receivable	**4,761**	9,078
Other income	**6,500**	-
Investment earnings:		
Interest income	**2,217,144**	3,392,357
Total Additions	**215,587,529**	122,698,759
Deductions:		
Housing aid	**81,789,788**	82,869,027
Project cost grants	**154,040,604**	66,788,506
Administrative expenses	**13,544**	41,100
Total Deductions	**235,843,936**	149,698,633
Decrease in Fiduciary Net Position	**(20,256,407)**	(26,999,874)
Net Position, Beginning of Year	**31,095,312**	58,095,186
Net Position, End of Year	**$ 10,838,905**	$ 31,095,312

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, 2026 and 2025

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

Organization

The Rhode Island Health and Educational Building Corporation (the "Corporation") was established in 1966 by an act of the Rhode Island Legislature as a Rhode Island non-business corporation constituted as a public body corporate and agency of the state with the purpose of assisting colleges and universities in the state with the financing of educational facilities. The Corporation's powers have since been expanded to include providing assistance to hospitals in the state with the financing of healthcare facilities, qualified health associations, cooperative hospital service organizations, visiting nurse associations, clinical laboratories, secondary schools, child day care centers, assisted living facilities and adult day care facilities, and to administer a student loan program for higher education institutions in the state, to guaranty or insure loans to a participating hospital or institution for higher education.

In 2003, the General Assembly amended the Corporation's legislation, making it the designated issuer of bonds for municipal school projects undertaken by school districts, in order to be eligible for state housing aid.

To accomplish its mission, the Corporation provides a tax-exempt bond financing program, a tax-exempt equipment lease financing program, and a loan program to meet the specific needs of non-profit healthcare and educational institutions in the State of Rhode Island.

As a conduit bond issuer, the Corporation is not responsible for the repayment of the debt. The debt issued by the Corporation is payable solely from and secured by a pledge of payments made by the borrower and is not the obligation of the Corporation or the State of Rhode Island.

The Corporation is governed by a Board of Directors consisting of five members, appointed by the Governor for a term of five years. There is no limit to the number of terms a board member may serve. The Corporation operates under the direction of the Executive Director.

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.

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

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.

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.

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

The Corporation reports the following fiduciary funds –

School Building Authority Capital Fund

In 2015, the School Building Authority ("SBA") was created within the Rhode Island Department of Education to address high-priority school construction projects. The School Building Authority Capital Fund ("SBACF") program, established as an alternative to tax-exempt bond financing, provides upfront funding for local education authorities public school projects. As part of the legislation, the Corporation was designated as the administrator of the School Building Authority Capital Fund. The program awards eligible school districts a portion of their total project costs in the form of a grant (state share), based on the district's state housing aid reimbursement rate. The school district has the option of obtaining a loan from the SBACF to fund the remaining balance of the project costs (local share). Projects are limited to $1 million, and the loan term is not to exceed 10 years. Appropriations are made to the fund as needed by the state.

School Construction Bond ("PayGo")

The 2019 state budget legislation provided for the issuance of $250 million general obligation bonds by the State to support state housing aid on a pay-as-you-go basis. In November 2018 the issuance of the bonds was approved by voters. In November 2022 voters again approved the issuance of another $250 million general obligation bonds for the same purpose. The bond proceeds allow school districts to receive 15% of their state housing aid on a pay-as-you-go basis. As the administrator of state housing aid, the Corporation is also responsible for the administration of the School Construction Bond proceeds. The bond proceeds must be expended over a five-year period, with no more than $100 million issued in any one year.

School Housing Aid ("Housing Aid")

The Rhode Island Department of Education's school housing aid program reimburses eligible municipal school districts and charter schools for the debt service interest payments on bonds issued for the purpose of construction and renovation of school facilities. Reimbursement rates for school districts range from 35% to 95%, while the charter school reimbursement rate is 30%. In 2005, legislation designated the Corporation as administrator of School Housing Aid program funds.

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

Revenue Recognition
The principal operating revenues of the Corporation are administrative fees relating to various bonds and notes outstanding, which are recognized as revenue as of the periodic billing date. The annual administrative fee is charged to borrowers in the amount of 0.1% of the principal amount outstanding on their bonds and equipment leases. Municipal school districts are exempt from the annual fee and charged only the one-time statutory fee. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 103. These non-operating activities primarily consist of gains or losses related to investments.

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

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

Cash and Equivalents - Restricted

The 2019 state budget legislation stipulated that the Corporation pay certain limited personnel expenses of the Rhode Island Department of Education's School Building Authority. The legislation allows the Corporation to fund this obligation through the collection of a one-time statutory fee, generated from the issuance of public-school municipal bonds, equal to 0.01% of the amount issued. The legislation requires that the funds be held in a restricted receipts account for the purpose of supporting the Corporation's funding of the School Building Authority's personnel expenses.

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 designed 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 doubtful accounts 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, 2026 and 2025.

Capital Assets

Capital assets include furniture and fixtures, office equipment, 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.

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

Funds Held for Others - Fiduciary Funds
The fiduciary funds' funds held for others represent the liability for funding a construction project. The Corporation is responsible for the management and administration of these funds on behalf of the local government entity and reflects these funds in restricted cash and funds held for others on the statements of fiduciary net position.

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.

Compensated Absences
Employees earn the right to be compensated during absences for vacation and sick leave. Accrued vacation and sick leave are included in accrued expenses at June 30, 2026 and 2025. 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, 2026 and 2025, compensated absences totaled approximately $27,300 and $14,400, respectively.

Balance at June 30, 2025	Net Change	Balance at June 30, 2026
$ 14,400	$ 12,900	$ 27,300

Balance at June 30, 2024	Net Change	Balance at June 30, 2025
$ 10,700	$ 3,700	$ 14,400

Deferred Revenue
Deferred revenue consists of administrative fee payments received in advance. These payments are deferred and recognized as revenue as earned.

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

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.

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 and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Adopted Accounting Pronouncements
The Corporation implemented GASB Statement 103, *Financial Reporting Model Improvements*, effective July 1, 2024. As a result of this implementation, there was no change in net position. There was an impact to the classification of other income, which was previously reported as non-operating revenue was reclassified to operating revenue.

As of July 1, 2024, the Corporation adopted GASB Statement 104 - *Disclosure of Certain Capital Assets*. The objective of this standard is to provide users of governmental financial statements with essential information about certain types of capital assets. The implementation of this standard did not have a material impact on the financial statements.

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

Future Government Accounting Pronouncement
GASB Statement 105 - *Subsequent Events* - is effective for reporting periods beginning after June 15, 2026. The objective of this statement is to improve the financial reporting requirements for events that occur after the financial statement date.

Management has not completed its review of the requirements of this standard and its applicability.

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 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, and accordingly, have not been reflected in the accompanying financial statements. At June 30, 2026 and 2025, the bond issues and leases outstanding are as follows:

Institution	Year	Maturity Date	Outstanding Principal at 06/30/2026	Outstanding Principal at 06/30/2025
International Institute of RI, Inc.	2003	08/01/2033	$ 810,000	$ 915,000
Brown University, Series B	2003	09/01/2043	35,985,000	36,645,000
Meeting Street Center	2005	06/01/2035	745,000	1,440,000
Brown University, Series A	2005	05/01/2035	85,500,000	85,500,000
Public Schools Revenue Bonds, Series A	2007	05/15/2027	35,000	70,000
NRI Community Services, Inc.	2007	06/01/2037	1,705,000	1,825,000
Public Schools Revenue Bonds, Series B	2007	05/15/2027	115,000	220,000
CVS-Highlander Charter School	2007	09/01/2037	-	2,420,000
Public Schools Revenue Bonds, Series D	2007	11/15/2027	665,000	990,000
Bryant University	2008	06/01/2035	31,550,000	33,865,000
New England Institute of Technology	2008	03/01/2034	3,365,000	4,015,000
Roger Williams University, Series B	2008	11/15/2038	23,095,000	24,405,000
Board of Governors, Series B	2009	09/15/2029	5,775,000	8,490,000
Board of Governors, Series A	2010	09/15/2040	15,305,000	16,565,000
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	861,458	1,068,208
Public Schools Revenue Bonds, Series C	2010	05/15/2026	-	405,000

Note 2 - **Conduit Debt - Continued**

Institution	Year	Maturity Date	Outstanding Principal at 06/30/2026	Outstanding Principal at 06/30/2025
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	6,343,647	6,818,788
Roger Williams University	2011	11/15/2027	3,063,006	4,531,266
The Compass School, Series A & C	2011	06/28/2027	145,001	290,001
Blackstone Valley Community Health Care, Inc., Series A	2011	08/01/2041	4,357,521	4,553,791
Roger Williams University, Series B	2011	12/15/2029	3,420,000	4,185,000
Salve Regina University	2011	06/15/2031	6,420,000	7,965,000
Immaculate Conception Catholic Regional School	2012	03/16/2032	-	2,193,750
Public Schools Revenue Bonds, Series B	2012	05/15/2032	5,780,000	6,630,000
Public Schools Revenue Bonds, Series B	2013	05/15/2033	3,115,000	3,560,000
Public Schools Revenue Bonds, Series D	2013	05/15/2033	1,500,000	1,715,000
Public Schools Revenue Bonds, Series E	2013	05/15/2028	100,000	150,000
Public Schools Revenue Bonds, Series A	2014	05/15/2034	2,015,000	2,230,000
Public Schools Revenue Bonds, Series B	2014	05/15/2034	1,600,000	1,770,000
Roger Williams University	2014	10/15/2035	8,405,323	9,156,078
Newport Hospital	2014	07/01/2029	6,246,723	7,705,000
Public Schools Revenue Bonds, Series C	2014	05/15/2034	3,910,000	4,325,000
Salve Regina University, Series A - C	2015	05/01/2045	18,940,115	19,815,769
Providence Public Building Authority, Series A	2015	05/15/2028	27,330,000	42,310,000
Mercymount Country Day School	2015	05/01/2035	1,363,832	1,608,035
Providence College	2015	11/01/2045	26,275,000	27,065,000
South County Hospital Healthcare System	2015	09/15/2033	19,640,000	22,350,000
New England Institute of Technology	2015	09/01/2045	43,368,746	45,256,868
Public Schools Revenue Bonds, Series B	2015	05/15/2036	2,695,000	2,910,000
Saint Philomena School	2015	04/01/2035	-	1,076,386
Johnson & Wales University	2015	10/01/2030	10,610,320	12,593,781
Tamarisk, Inc.	2015	10/01/2040	-	6,584,865
Brown University	2015	09/01/2045	31,530,000	33,165,000
Providence Public Building Authority, Series B	2015	05/15/2035	5,575,000	6,085,000
Saint Elizabeth Home, East Greenwich	2015	12/01/2045	10,597,947	10,950,337
Public Schools Revenue Bonds, Series C & D	2015	05/15/2036	4,245,000	6,380,000
Moses Brown School, Series A & B	2016	06/01/2046	15,766,195	16,375,294
Public Schools Revenue Bonds, Series A	2016	05/15/2029	19,450,000	28,765,000
Lifespan Obligated Group	2016	05/15/2039	-	133,625,000

Note 2 - **Conduit Debt - Continued**

Institution	Year	Maturity Date	Outstanding Principal at 06/30/2026	Outstanding Principal at 06/30/2025
Public Schools Revenue Bonds, Series B & C	2016	05/15/2036	$ 2,840,000	$ 3,410,000
Care New England, Series B	2016	09/01/2036	-	101,505,000
The Frassati Residence	2016	11/01/2029	1,992,677	2,527,419
Council on Postsecondary Education, Series A - C	2016	09/15/2036	58,765,000	62,945,000
Roger Williams University, Series A & B	2016	11/15/2031	3,067,090	3,595,120
New England Institute of Technology	2017	03/01/2040	24,938,102	26,345,194
Public Schools Revenue Bonds, Series A	2017	05/15/2034	35,755,000	39,385,000
Providence College	2017	11/01/2047	45,810,000	46,415,000
Public Schools Revenue Bonds, Series B	2017	05/15/2027	4,990,000	6,505,000
Public Schools Revenue Bonds, Series C	2017	05/15/2027	48,030,000	50,130,000
Public Schools Revenue Bonds, Series D	2017	05/15/2037	6,125,000	6,575,000
Public Schools Revenue Bonds, Series E	2017	05/15/2037	12,485,000	14,055,000
Public Schools Revenue Bonds, Series F	2017	05/15/2038	11,740,000	12,975,000
Brown University, Series A	2017	09/01/2047	132,550,000	135,785,000
Public Schools Revenue Bonds, Series G	2017	05/15/2042	26,310,000	27,400,000
Public Schools Revenue Bonds, Series H	2017	05/15/2038	3,525,000	3,740,000
Council on Postsecondary Education, Series A - D	2017	09/15/2047	110,365,000	113,225,000
Public Schools Revenue Bonds, Series I & J	2017	05/15/2032	6,340,000	7,895,000
Meeting Street, Series A	2017	12/01/2047	12,961,284	13,361,256
Public Schools Revenue Bonds, Series A	2018	05/15/2038	3,285,000	3,495,000
Public Schools Revenue Bonds, Series B	2018	05/15/2038	13,475,000	14,330,000
Rhode Island School of Design	2018	08/15/2048	50,680,000	51,830,000
Ocean State Assisted Living	2018	11/01/2031	5,404,176	5,704,176
St. Andrew's School, Series A & B	2018	07/01/2048	17,698,534	18,151,924
Council on Postsecondary Education, Series A & B	2018	09/15/2038	14,865,000	15,675,000
South County Hospital Healthcare System	2018	12/01/2028	3,156,250	4,418,750
Meeting Street	2018	12/01/2047	4,210,676	4,352,552
Public Schools Revenue Bonds, Series A	2019	05/15/2042	33,390,000	34,825,000
Blackstone Valley Prep	2019	05/01/2049	13,826,284	14,175,653
Mount Saint Charles Academy	2019	05/01/2040	2,888,110	3,036,646
Public Schools Revenue Bonds, Series B	2019	05/15/2039	13,805,000	14,575,000
Providence Public Building Authority, Series A	2019	05/15/2039	14,940,000	15,750,000
Brown University, Series A	2019	09/01/2029	54,560,000	54,560,000
Kingston Hill Academy	2019	08/01/2051	5,661,102	5,782,046

Note 2 - **Conduit Debt - Continued**

Institution	Year	Maturity Date	Outstanding Principal at 06/30/2026	Outstanding Principal at 06/30/2025
Public Schools Revenue Bonds, Series C	2019	05/15/2041	$ 3,795,000	$ 4,050,000
Public Schools Revenue Bonds, Series D	2019	05/15/2039	4,315,000	4,560,000
The Compass School	2019	10/01/2049	3,152,800	3,287,920
HopeHealth Hospice & Palliative Care	2019	11/01/2049	9,375,151	9,643,652
Roger Williams University	2019	11/15/2028	4,233,375	5,909,031
Bryant University	2019	12/06/2031	8,442,263	9,880,664
Public Schools Revenue Bonds, Series A	2020	05/15/2040	2,710,000	2,905,000
Portsmouth Abbey School, Series A - D	2020	06/01/2050	12,889,602	13,843,999
Public Schools Revenue Bonds, Series B	2020	05/15/2040	46,665,000	48,995,000
Public Schools Revenue Bonds, Series C	2020	05/15/2040	5,115,000	5,395,000
Public Schools Revenue Bonds, Series D	2020	05/15/2037	20,275,000	21,940,000
Rhode Island School of Design	2020	08/15/2035	46,125,000	49,990,000
Blackstone Valley Prep, Series A & B	2021	03/01/2051	14,178,612	14,541,895
Public Schools Revenue Bonds, Series A & B	2021	05/15/2042	9,350,000	10,190,000
Public Schools Revenue Bonds, Series C	2021	05/15/2033	10,850,000	12,545,000
Public Schools Revenue Bonds, Series D	2021	05/15/2041	89,055,000	93,125,000
Providence College, Series A	2021	11/01/2050	19,200,000	19,585,000
Public Schools Revenue Bonds, Series F	2021	05/15/2041	105,725,000	110,690,000
Public Schools Revenue Bonds, Series E	2021	05/15/2031	5,445,000	6,565,000
Providence College, Series B	2021	11/01/2041	21,920,000	22,820,000
Public Schools Revenue Bonds, Series G	2021	05/15/2043	7,990,000	8,330,000
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	63,731,000	66,617,000
Public Schools Revenue Bonds, Series H	2021	05/15/2042	31,020,000	32,355,000
Public Schools Revenue Bonds, Series A	2022	05/15/2042	23,130,000	30,235,000
Public Schools Revenue Bonds, Series B	2022	05/15/2041	20,520,000	21,455,000
Roger Williams University	2022	11/15/2039	8,215,000	8,700,000
Public Schools Revenue Bonds, Series C	2022	05/15/2047	95,790,000	98,500,000
Achievement First Rhode Island, Inc., Series A - C	2022	04/01/2052	67,926,816	69,268,907
Public Schools Revenue Bonds, Series D	2022	05/15/2038	4,675,000	5,065,000
Public Schools Revenue Bonds, Series E	2022	05/15/2045	18,895,000	19,510,000
Brown University, Series A	2022	09/01/2033	84,435,000	85,410,000
Public Schools Revenue Bonds, Series F	2022	05/15/2052	83,480,000	85,000,000
Blackstone Valley Prep	2022	10/01/2052	12,096,370	12,297,599
Paul Cuffee School	2022	11/01/2042	-	2,964,000
Providence College	2023	11/01/2053	110,460,000	112,435,000

Note 2 - **Conduit Debt - Continued**

Institution	Year	Maturity Date	Outstanding Principal at 06/30/2026	Outstanding Principal at 06/30/2025
The Learning Community Charter School	2023	02/01/2038	$ 2,206,680	$ 2,395,824
University of Rhode Island	2023	09/15/2043	14,935,000	15,440,000
Public Schools Revenue Bonds, Series A	2023	05/15/2053	74,125,000	74,125,000
Brown University	2023	09/01/2043	89,055,000	92,560,000
Central Falls Public School Projects	2023	05/15/2043	83,600,000	86,690,000
Public Schools Revenue Bonds, Series B	2023	05/15/2039	3,905,000	4,040,000
Public Schools Revenue Bonds, Series C	2023	05/15/2043	18,655,000	19,345,000
RI Nurses Institute Middle College Charter High School	2024	01/01/2054	18,388,228	18,687,962
Lifespan Obligated Group	2024	05/15/2054	300,000,000	300,000,000
Child & Family Services of Newport County	2024	03/01/2054	3,450,610	3,504,320
Public Schools Revenue Bonds, Series A	2024	05/15/2049	76,805,000	76,805,000
Portsmouth Abbey School	2024	03/01/2040	7,994,000	8,000,000
Bryant University	2024	06/01/2048	130,090,000	131,475,000
Trinity Academy for the Performing Arts	2024	06/15/2056	10,000,000	9,438,452
Public Schools Revenue Bonds, Series B	2024	05/15/2050	43,160,000	43,160,000
Public Schools Revenue Bonds, Series C	2024	05/15/2045	87,805,000	87,805,000
Blackstone Valley Community Health Care, Inc.	2024	03/01/2039	6,413,650	6,916,750
Public Schools Revenue Bonds, Series D	2024	05/15/2049	48,955,000	50,065,000
Public Schools Revenue Bonds, Series E	2024	05/15/2044	42,610,000	43,180,000
Public Schools Revenue Bonds, Series F	2024	05/15/2054	84,640,000	84,640,000
Public Schools Revenue Bonds, Series G	2024	05/15/2044	125,000,000	125,000,000
Segue Institute for Learning	2024	11/01/2039	20,000,000	20,000,000
Brown University	2024	09/01/2036	47,005,000	47,005,000
Public Schools Revenue Bonds, Series H & I	2024	05/15/2045	8,845,000	9,310,000
Public Schools Revenue Bonds, Series A	2025	05/15/2044	25,000,000	25,000,000
Brown University (Commercial Paper)	2025	02/13/2055	176,839,000	43,794,000
Salve Regina University	2025	05/01/2055	36,000,000	36,000,000
Public Schools Revenue Bonds, Series B	2025	05/15/2053	76,150,000	76,150,000
Central Falls Public School Projects	2025	05/15/2050	49,165,000	-
Public Schools Revenue Bonds, Series C	2025	05/15/2046	102,160,000	-
Public Schools Revenue Bonds, Series D	2025	05/15/2035	7,500,000	-
Public Schools Revenue Bonds, Series E	2025	05/15/2050	24,325,000	-
Providence Country Day School	2025	09/01/2050	3,876,221	-
Public Schools Revenue Bonds, Series F	2025	05/15/2050	47,990,000	-

Note 2 - **Conduit Debt - Continued**

Institution	Year	Maturity Date	Outstanding Principal at 06/30/2026	Outstanding Principal at 06/30/2025
PRG-RI Properties LLC (URI), Series A & B	2025	07/01/2065	$ 210,850,000	-
Tamarisk, Inc.	2025	12/01/2045	7,890,286	-
Public Schools Revenue Bonds, Series G	2025	05/15/2041	9,895,000	-
Public Schools Revenue Bonds, Series H	2025	05/15/2050	139,580,000	-
Brown University Health Obligated Group, Series B	2026	05/15/2056	126,180,000	-
CharterCARE Obligated Group, Series A, B & C	2026	10/01/2056	101,065,000	-
			$ 4,969,963,783	$ 4,414,025,928

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, 2026 pursuant to this statutory provision.

At June 30, 2026 and 2025, the carrying amounts of the Corporation's cash and equivalents were $12,100,450 and $11,208,150 respectively, and bank balances were $12,145,950 and $11,209,500, 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.

Note 3 - **Cash and Equivalents - Continued**

Of the Corporation's cash and equivalents totaling $12,100,449 and $11,208,140, respectively, $11,049,423 and $10,103,295 at June 30, 2026 and 2025, 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.

In addition to federal depository insurance, 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, 2026 and 2025, $718,500 and $714,500 were covered by federal depository insurance and other specific deposit insurance. The remaining amount of approximately $11,427,500 and $10,495,000 were uninsured and uncollateralized at June 30, 2026 and 2025, respectively.

Fiduciary Activities

At June 30, 2026 and 2025, the carrying amounts and bank balances of the fiduciary funds' cash and equivalents were approximately $44,486,500 and $41,841,200, 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, 2026 and 2025, $0 was covered by federal depository insurance.

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

2026

Money market mutual funds	**Maturity in Days**	**Credit Ratings**	**Fair Value**
First American US Treasury Money Market Class V (#3702)	**43**	**Aaa-mf**	**$ 44,486,542**

2025

Money market mutual funds	Maturity in Days	Credit Ratings	Fair Value
First American US Treasury Money Market Class V (#3702)	49	Aaa-mf	$ 41,841,224

Note 4 - **Loans Receivable**

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

	2026	2025
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. In March 2025, the loan was refinanced for $373,205. The agreement stipulates monthly payments of $4,854, inclusive of interest at 2.50% until maturity in June 2032.	**$ 323,851**	$ 373,205
In November 2023, the Corporation entered into a loan agreement with Higher Ground International for $250,000. The agreement stipulates monthly payments of $2,810, inclusive of interest at 6.27% until maturity in November 2033.	**200,523**	220,785
In June 2024, the Corporation entered into a loan agreement with Justice Assistance for $250,000. The agreement stipulates monthly payments of $3,704, inclusive of interest at 6.43% until maturity in June 2031.	**189,895**	220,855
Total Loans Receivable	**714,269**	814,845
Less: Current Portion	**105,247**	100,576
Non-Current Loans Receivable	**$ 609,022**	$714,269

Note 5 - **School Building Authority Capital Fund Loans Receivable - Fiduciary Fund**

As discussed in Note 1, the Corporation is the 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 repairing and improving 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 June 30, are as follows:

	2026	2025
In June 2016, the Corporation entered into a loan agreement with the City of Providence for $1,830,536. The agreement stipulated annual payments ranging from $186,568 to $215,466, inclusive of interest at 1.92% until maturity in June 2026.	**$ -**	$ 183,053
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 $41,397, inclusive of interest at 2.35% until maturity in June 2027.	**34,170**	68,340
Total SBACF Loans Receivable	**34,170**	251,393
Less: Current Portion	**34,170**	217,223
Non-Current SBACF Loans Receivable	**$ -**	$ 34,170

Note 6 - **Capital Assets**

Capital asset activity for the year ended June 30, 2026 is as follows:

	Estimated Lives (in years)	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets:					
Computer Equipment	5-7	**$ 69,056**	**$ 1,294**	**$ 2,121**	**$ 68,229**
Furniture and Fixtures	5-10	**80,011**	**-**	**-**	**80,011**
Leased Building	5	**507,614**	**-**	**507,614**	**-**
Total Capital Assets		**656,681**	**1,294**	**509,735**	**148,240**
Less: Accumulated Depreciation					
Computer Equipment		**36,560**	**8,582**	**2,121**	**43,021**
Furniture and Fixtures		**78,163**	**408**	**-**	**78,571**
Leased Building		**414,550**	**93,064**	**507,614**	**-**
Total Accumulated Depreciation		**529,273**	**102,054**	**509,735**	**121,592**
Capital Assets, Net		**$ 127,408**	**$ (100,759)**	**$ -**	**$ 26,649**

Note 6 - **Capital Assets - Continued**

Capital asset activity for the year ended June 30, 2025 is as follows:

	Estimated Lives (in years)	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets:					
Computer Equipment	5-7	$ 49,689	$ 26,006	$ 6,639	$ 69,056
Furniture and Fixtures	5-10	80,011	-	-	80,011
Leased Building	5	507,614	-	-	507,614
Total Capital Assets		637,314	26,006	6,639	656,681
Less: Accumulated Depreciation					
Computer Equipment		35,731	7,468	6,639	36,560
Furniture and Fixtures		77,755	408	-	78,163
Leased Building		313,028	101,522	-	414,550
Total Accumulated Depreciation		426,514	109,398	6,639	529,273
Capital Assets, Net		$ 210,800	$ (83,392)	$ -	$ 127,408

Note 7 - **Debt Obligations**

Long-term liabilities for the Corporation for the years ended June 30, 2026 and 2025 are as follows:

	2026					
	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**	**Non-Current Portion**
Lease liability	**$ 105,252**	**$ -**	**$ 105,252**	**$ -**	**$ -**	**$ -**

	2025					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Lease liability	$ 213,491	$ -	$ 108,239	$ 105,252	$ 105,252	$ -

Lease Liability

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

Description	Date	Terms	Payment Amount	Interest Rate	6/30/2026 Lease Liability	FY 2026 Additional Outflows
33 Broad Street	6/1/2021	60 months	variable	3.50%	$ -	$ -

Description	Date	Terms	Payment Amount	Interest Rate	6/30/2025 Lease Liability	FY 2025 Additional Outflows
33 Broad Street	6/1/2021	60 months	variable	3.50%	$ 105,252	$ -

On June 1, 2021, the Corporation entered into a five-year lease agreement for office space, which expired on May 31, 2026. Payments were 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.

Note 7 - **Debt Obligations - Continued**

Lease Liability - Continued

On June 24, 2026, the Corporation executed an extension through December 31, 2026. The monthly lease payment is $10,249.97. No other payments are due other than the monthly payments. The lease extension was deemed immaterial in accordance with GASB 87, *Leases*.

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 was based on the Secured Overnight Financing Rate (SOFR) (4.45% at June 30, 2025) plus .60%. The line of credit was secured by $5,000,000 deposited into a reserve account with the lending financial institution. The $5,000,000 of reserves was included in restricted cash and equivalents on the statement of net position. During fiscal year 2025, the Corporation closed this account.

Note 8 - **Commitments and Contingencies**

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.

Note 8 - **Commitments and Contingencies - Continued**

School Building Authority Capital Fund - Private-Purpose Trust Fund

Grants awarded in fiscal year 2026 and cumulative unspent balances available for draw as of June 30, 2026 are as follows:

	Awarded in Fiscal 2026						Cumulative Balances Available					
Local Education Authority	Total	Facility Equity Initiative	Arts Initiative	Technology & Equipment	Outdoor Classroom Initiative	Styrofoam Mitigation Initiative	Total	Facility Equity Initiative	Arts Initiative	Technology & Equipment	Outdoor Classroom Initiative	Styrofoam Mitigation Initiative
Apprenticeship Exploration School	$ -						$ 50,000			$ 50,000		
Barrington	-						40,261		301	39,960		
Beacon Charter School	-						1,300					1,300
Blackstone Academy	-						23,822			7,499		16,323
Bristol-Warren RSD	-						124,000			124,000		
Burrillville	-						7,259				1,200	6,059
Central Falls	2,497,246	2,497,246					2,739,718	2,501,164	3,116		83,931	151,507
Charette Charter School	-						15,286					15,286
Chariho RSD	-						27,932		2,223	25,464	162	83
Compass School, The	-						7,500					7,500
Coventry	-						1,273,058	1,273,058				
Cranston	-						1,934,439	1,934,358	81			
Cumberland	-						172,062		20,960	150,000		1,102
E Greenwich	-						127,831		244		20,455	107,132
E Providence	-						199,772	171,486	10,804	544	16,938	
Exeter-W Greenwich RSD	-						52,538		52,538			
Foster	-						10,874		10,000		874	
Foster-Glocester RSD	-						80		80			
Greeen School, The	-						27,908			27,465	443	
Highlander Charter School	-						100,000				100,000	
Hope Academy, The	-						38,656		11,308	27,348		
International Charter School	-						100,000				100,000	
Kingston Hill Academy	-						674				674	
Learning Community, The	-						1,405				1,405	
Lincoln	-						94,315		10,600	34,720	6,420	42,575
Little Compton	-						50,000			50,000		
Middletown	-						107,400		2,289	4,731		100,380
N Kingstown	-						17,511		3,421		2,983	11,107
N Providence	-						43,371		58			43,313
Narragansett	-						48,826		177	48,649		
New Shoreham	-						18,015				18,015	
Newport	-						238,175		148	130,512	107,515	
Norwell Academy	-						91,000			91,000		
Paul Cuffee School	-						20,722		18,967	1,755		
Pawtucket	815,000	815,000					1,346,404	815,000	381,404	150,000		
Portsmouth	-						514		514			
Providence	856,996	856,996					1,459,856	856,996		234,452	368,408	
Providence Prep Charter School	-						44,529			44,529		
RI Nurses Institute	-						15,280		15,172	108		
RI School for the Deaf	-						95,214					95,214
RISE Prep	-						89,147		5,620	83,527		
S Kingstown	-						298,593		4,850		291,000	2,743
Scituate	-						25,797		661	18,481		6,655
Smithfield	-						22,102		1,045	124		20,933
Trinity Academy	-						21,782			21,782		
Tiverton	-						3,414					3,414
Village Green Virtual	-						2,591		2,591			
W Warwick	320,202	320,202					946,517	892,311		38,170	16,036	
Warwick	-						200,219			200,000	219	
Woonsocket	2,062,461	2,062,461					2,627,190	2,433,690		193,500		
	$ 6,551,905	$ 6,551,905	$ -	$ -	$ -	$ -	$ 15,004,859	$ 10,878,063	$ 559,172	$ 1,798,320	$ 1,136,678	$ 632,626

Note 8 - **Commitments and Contingencies - Continued**

School Building Authority Capital Fund - Private-Purpose Trust Fund - Continued

Grants awarded in fiscal year 2025 and cumulative unspent balances available for draw as of June 30, 2025 are as follows:

	Awarded in Fiscal 2025						Cumulative Balances Available						
Local Education Authority	Total	Facility Equity Initiative	Arts Initiative	Menu for Success	WELL Initiative	Technology & Equipment	Total	Facility Equity Initiative	Arts Initiative	Menu for Success	Technology & Equipment	Outdoor Classroom Initiative	Styrofoam Mitigation Initiative
Achievement First	$ 100,888	$ -	$ 100,888	$ -	$ -	$ -	$ 100,888	$ -	$ 100,888	$ -	$ -	$ -	$ -
Apprenticeship Exploration Schoo	60,000	-	10,000	-	-	50,000	50,000	-		-	50,000	-	-
Barrington	157,261	-	117,301	-	-	39,960	157,261	-	117,301	-	39,960	-	-
Beacon Charter School	-	-	-	-	-	-	86,964	-		-	-	63,766	23,198
Blackstone Academy	142,230	-	12,230	-	-	130,000	148,290	-	623	-	130,000	-	17,667
Bristol-Warren RSD	223,044	-	99,044	-	-	124,000	485,539	-	95,565	-	124,000	185,987	79,987
Burrillville	217,210	-	72,210	-	-	145,000	153,443	-		-	145,000	1,200	7,243
Central Falls	3,395,682	3,000,000	122,782	7,900	-	265,000	3,642,471	2,473,189	122,782	-	265,000	400,000	381,500
Charette Charter School	-	-	-	-	-	-	15,550	-		-	-	-	15,550
Chariho RSD	166,966	-	106,631	10,335	-	50,000	170,169	-	93,096	-	50,000	3,271	23,802
Compass School, The	-	-	-	-	-	-	22,398	-		-	-	-	22,398
Coventry	-	-	-	-	-	-	3,176,582	3,176,582		-	-	-	-
Cranston	458,956	-	358,956	-	-	100,000	2,393,314	1,934,358	358,956	-	100,000	-	-
Cumberland	322,566	-	172,566	-	-	150,000	345,581	-	172,566	-	150,000	-	23,015
E Greenwich	139,367	-	89,367	-	-	50,000	227,924	-	37,878	-	50,000	20,455	119,591
E Providence	206,395	-	188,376	-	-	18,019	270,738	171,487	64,294	-	18,019	16,938	-
Excel Academy RI	10,000	-	10,000	-	-	-	6,716	-	6,716	-	-	-	-
Exeter-W Greenwich RSD	55,938	-	55,938	-	-	-	55,938	-	55,938	-	-	-	-
Foster	10,000	-	10,000	-	-	-	110,000	-	10,000	-	-	100,000	-
Foster-Glocester RSD	47,183	-	47,183	-	-	-	173,170	-	47,183	-	-	125,987	-
Glocester	19,497	-	19,497	-	-	-	37,384	-	19,497	-	-	17,887	-
Greeen School, The	142,289	-	10,000	-	-	132,289	333,289	-	10,000	-	132,289	191,000	-
Highlander Charter School	-	-	-	-	-	-	100,000	-		-	-	100,000	-
Hope Academy, The	38,656	-	11,308	-	-	27,348	38,656	-	11,308	-	27,348	-	-
International Charter School	-	-	-	-	-	-	100,000	-		-	-	100,000	-
Jamestown	88,117	-	14,605	-	-	73,512	88,117	-	14,605	-	73,512	-	-
Johnston	112,444	-	112,444	-	-	-	112,444	-	112,444	-	-	-	-
Kingston Hill Academy	10,000	-	10,000	-	-	-	100,000	-		-	-	100,000	-
Learning Community, The	-	-	-	-	-	-	1,405	-		-	-	1,405	-
Lincoln	153,120	-	118,400	-	-	34,720	627,482	-	118,400	-	34,720	28,146	446,216
Little Compton	60,000	-	10,000	-	-	50,000	135,950	-	10,000	-	50,000	-	75,950
Met Career and Tech Center, The	28,111	-	28,111	-	-	-	28,111	-	28,111	-	-	-	-
Middletown	250,540	-	69,515	-	79,625	101,400	268,769	-	66,989	-	101,400	-	100,380
N Kingstown	184,033	-	134,033	-	-	50,000	375,428	-	40,620	-	50,000	138,472	146,336
N Providence	125,596	-	125,596	-	-	-	178,923	-	116,673	-	-	-	62,250
N Smithfield	58,987	-	58,987	-	-	-	-	-	-	-	-	-	-
Narragansett	168,001	-	38,001	-	-	130,000	163,621	-	20,085	-	130,000	-	13,536
New Shoreham	10,000	-	10,000	-	-	-	110,000	-	10,000	-	-	100,000	-
Newport	206,640	-	65,793	10,335	-	130,512	328,582	-	65,793	-	130,512	132,250	27
Norwell Academy	101,000	-	10,000	-	-	91,000	91,000	-	-	-	91,000	-	-
Nuestro Mundo Charter School	-	-	-	-	-	-	44,225	-	-	-	-	-	44,225
Paul Cuffee School	103,962	-	28,962	-	-	75,000	103,962	-	28,962	-	75,000	-	-
Pawtucket	531,404	-	381,404	-	-	150,000	630,604	-	381,404	-	150,000	99,200	-
Portsmouth	76,605	-	76,605	-	-	-	1,929	-	1,917	-	-	12	-
Providence	1,228,985	-	928,985	-	-	300,000	4,034,413	-	926,790	-	300,000	2,600,000	207,623
Providence Prep Charter School	204,500	-	10,000	-	-	194,500	194,500	-	-	-	194,500	-	-
RI Nurses Institute	65,367	-	15,172	-	-	50,195	65,367	-	15,172	-	50,195	-	-
RI School for the Deaf	10,000	-	10,000	-	-	-	125,680	-	-	-	-	-	125,680
RISE Prep	100,436	-	16,909	-	-	83,527	100,436	-	16,909	-	83,527	-	-
S Kingstown	83,234	-	83,234	-	-	-	381,888	-	83,234	-	-	291,000	7,654
Scituate	232,794	-	41,653	-	-	191,141	244,486	-	41,653	-	191,141	-	11,692
Segue Institute for Learning	62,691	-	12,691	-	-	50,000	62,691	-	12,691	-	50,000	-	-
Smithfield	285,148	-	85,148	125,000	-	75,000	452,188	-	85,148	125,000	75,000	-	167,040
Trinity Academy	125,000	-	10,000	-	-	115,000	115,000	-	-	-	115,000	-	-
Times2 Inc.	112,153	-	24,353	-	-	87,800	88,738	-	938	-	87,800	-	-
Tiverton	75,584	-	55,371	-	-	20,213	105,443	-	-	-	20,213	-	85,230
Village Green Virtual	10,000	-	10,000	-	-	-	4,358	-	4,358	-	-	-	-
W Warwick	414,098	-	172,253	-	-	241,845	879,964	572,109	49,974	-	241,845	16,036	-
Warwick	490,878	-	280,543	10,335	-	200,000	1,180,543	-	280,543	-	200,000	700,000	-
Westerly	108,038	-	78,519	-	-	29,519	29,519	-	-	-	29,519	-	-
Woonsocket	463,050	-	269,550	-	-	193,500	834,279	371,229	269,550	-	193,500	-	-
	$ 12,254,644	$ 3,000,000	$ 5,011,114	$ 163,905	$ 79,625	$ 4,000,000	$ 24,692,310	$ 8,698,954	$ 4,127,554	$ 125,000	$ 4,000,000	$ 5,533,012	$ 2,207,790

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 year 2026, the SBA did not award any of PayGo funds to the State's LEAs. For fiscal year 2026, PayGo reported transfers from the State of $120,767,006 and related project cost expenses of $137,876,685. This amount reflected LEA project costs incurred during fiscal year 2026, as approved and reported by the SBA.

During fiscal year 2025, the SBA awarded $2,500,000 of PayGo funds to two of the State's LEAs. For fiscal year 2025, PayGo reported transfers from the State of $36,011,777 and related project cost expenses of $46,930,475. This amount reflected LEA project costs incurred during fiscal year 2025, as approved and reported by the SBA.

Note 9 - **Net Position Designations**

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 net position in the financial statements. The designations for the years ended June 30, 2026 and 2025 are as follows:

Self-Insurance

This designation was established to provide for the deductible exclusion for existing Corporation insurance policies. The Board designated $500,000 of net position for self-insurance at June 30, 2026 and 2025.

Operating Reserves

This designation was established to provide for expenditures incurred as a result of operating contingencies. The Board designated $3,000,000 and $2,500,000 of net position for operating reserves at June 30, 2026 and 2025.

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 $6,000,000 and $5,500,000 of net position for financial assistance program at June 30, 2026 and 2025.

School Building Authority
As disclosed in Note 11, in accordance with Article 9 of the fiscal year 2019 Appropriation Act, the Corporation is required to pay certain limited personnel expenses of the SBA. 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. At June 30, 2025, the amounts designated were $400,000. During fiscal year 2026, the Board did not designate any funds.

Note 10 - **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 $57,391 and $52,916, respectively, for the fiscal years ended June 30, 2026 and 2025, respectively.

Note 11 - **Payment to Primary State Government**

In accordance with Rhode Island General Law Section 16-105-7, the Corporation was required to contribute $274,168 and $254,353 to the State during the years ended June 30, 2026 and 2025, respectively, for limited personnel costs of the SBA.

SUPPLEMENTARY INFORMATION

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds

June 30, 2026

Assets

	Housing Aid	SBACF	PayGo	Total
Assets:				
Cash and equivalents	**$ 72,653**	**$ 15,550,060**	**$ 19,477,209**	**$ 35,099,922**
Restricted cash	**-**	**-**	**9,386,620**	**9,386,620**
Loans receivable	**-**	**34,170**	**-**	**34,170**
Due from other funds	**-**	**-**	**10,729,682**	**10,729,682**
Accrued interest receivable	**-**	**67**	**-**	**67**
Total Assets	**$ 72,653**	**$ 15,584,297**	**$ 39,593,511**	**$ 55,250,461**

Liability and Net Position

Liabilities:				
Project costs payable	**$ -**	**$ 4,818,045**	**$ 30,206,891**	**$ 35,024,936**
Funds held for others	**-**	**-**	**9,386,620**	**9,386,620**
Total Liabilities	**-**	**4,818,045**	**39,593,511**	**44,411,556**
Net Position:				
Restricted:				
Held for authorized projects	**-**	**15,004,859**	**-**	**15,004,859**
Available for future projects	**72,653**	**(4,238,607)**	**-**	**(4,165,954)**
Total Net Position	**72,653**	**10,766,252**	**-**	**10,838,905**
Total Liabilities and Net Position	**$ 72,653**	**$ 15,584,297**	**$ 39,593,511**	**$ 55,250,461**

See independent auditor's report on supplementary information.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds

June 30, 2025

Assets

	Housing Aid	SBACF	PayGo	Total
Assets:				
Cash and equivalents	$ -	$26,222,331	$ 9,082,172	$ 35,304,503
Restricted cash	-	-	6,536,721	6,536,721
Loans receivable	-	251,393	-	251,393
Accrued interest receivable	-	427	-	427
Total Assets	$ -	$ 26,474,151	$ 15,618,893	$ 42,093,044

Liabilities and Net Position

Current Liabilities:				
Project costs payable	$ -	$ 974,680	$ 3,486,331	$ 4,461,011
Funds held for others	-	-	6,536,721	6,536,721
Total Liabilities	-	974,680	10,023,052	10,997,732
Net Position:				
Restricted:				
Held for authorized projects	-	24,692,310	-	24,692,310
Available for future projects	-	807,161	5,595,841	6,403,002
Total Net Position	-	25,499,471	5,595,841	31,095,312
Total Liabilities and Net Position	$ -	$ 26,474,151	$ 15,618,893	$ 42,093,044

See independent auditor's report on supplementary information.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds

For the Year Ended June 30, 2026

	Housing Aid	SBACF	PayGo	Total
Additions:				
State appropriations	**$ 81,862,436**	**$ -**	**$ -**	**$ 81,862,436**
State bond proceeds appropriations	**-**	**-**	**131,496,688**	**131,496,688**
Interest earned on loans receivable	**-**	**4,761**	**-**	**4,761**
Other income	**-**	**6,500**	**-**	**6,500**
Investment earnings:				
Interest income	**637,512**	**793,476**	**786,156**	**2,217,144**
Transfer from (to) other program	**(637,507)**	**637,507**	**-**	**-**
Total Additions	**81,862,441**	**1,442,244**	**132,282,844**	**215,587,529**
Deductions:				
Housing aid	**81,789,788**	**-**	**-**	**81,789,788**
Project cost grants	**-**	**16,163,919**	**137,876,685**	**154,040,604**
Administrative expenses	**-**	**11,544**	**2,000**	**13,544**
Total Deductions	**81,789,788**	**16,175,463**	**137,878,685**	**235,843,936**
Decrease in Fiduciary Net Position	**72,653**	**(14,733,219)**	**(5,595,841)**	**(20,256,407)**
Net Position, Beginning of Year	**-**	**25,499,471**	**5,595,841**	**31,095,312**
Net Position, End of Year	**$ 72,653**	**$ 10,766,252**	**$ -**	**$ 10,838,905**

See independent auditor's report on supplementary information.

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

(a Component Unit of the State of Rhode Island)

Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds

For the Year Ended June 30, 2025

	Housing Aid	SBACF	PayGo	Total
Additions:				
State appropriations	$ 82,869,020	$ 416,527	$ -	$ 83,285,547
State bond proceeds appropriations	-	-	36,011,777	36,011,777
Interest earned on loans receivable	-	9,078	-	9,078
Investment earnings:				
Interest income	864,372	1,690,314	837,671	3,392,357
Transfer from (to) other program	(864,365)	864,365	-	-
Total Additions	82,869,027	2,980,284	36,849,448	122,698,759
Deductions:				
Housing aid	82,869,027	-	-	82,869,027
Project cost grants	-	19,858,031	46,930,475	66,788,506
Administrative expenses	-	41,100	-	41,100
Total Deductions	82,869,027	19,899,131	46,930,475	149,698,633
Increase (Decrease) in Fiduciary Net Position	-	(16,918,847)	(10,081,027)	(26,999,874)
Net Position, Beginning of Year	-	42,418,318	15,676,868	58,095,186
Net Position, End of Year	$ -	$ 25,499,471	$ 5,595,841	$ 31,095,312

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 and Entertainment Expenses

For the Year Ended June 30, 2026

Attendees	Purpose	Location	Dates	Amount
RIHEBC Staff, Board Members & Professional Associates	RIHEBC Corporate Event	Narragansett RI	September 20, 2025	$1,630.39
RIHEBC Staff & Board Members	Greater Providence Chamber of Commerce: Fall 2025 Economic Outlook Forum	Providence RI	September 23, 2025	$1,200.00
Channavy Chhay; Jenn Almeida	NAHEFFA Fall Conference	Minneapolis MN	October 5 - 8, 2025	$5,226.98
Dylan Zelazo	Leadership Rhode Island: 45th Anniversary Gala	Providence RI	October 24, 2025	$2,025.00
RIHEBC Staff & Board Members	Providence Business News: Fall 2025 Health Care Summit	Warwick RI	October 30, 2025	$700.00
RIHEBC Staff & Board Members	Greater Providence Chamber of Commerce: 2025 Annual Meeting	Providence RI	November 4, 2025	$1,875.00
RIHEBC Staff, Board Members & Professional Associates	RIHEBC Year-End Event - Camille's	Providence RI	December 10, 2025	$4,941.59
RIHEBC Staff & Board Members	Greater Providence Chamber of Commerce: 2026 RI Legislative Leadership Luncheon	Providence RI	March 15, 2026	$1,100.00
RIHEBC Staff & Board Members	RI League of Cities & Towns: 2026 Annual Convention	Warwick RI	March 19, 2026	$1,000.00
Dylan Zelazo	NAHEFFA Spring Conference	Pensacola FL	April 12 - 15, 2026	$1,920.21
Jenn Almeida, Dina Munroe, Chris Hunter	Greater Providence YMCA: Y Heroes Event	Warwick RI	May 12, 2026	$400.00
RIHEBC Staff & Board Members	Greater Providence Chamber of Commerce: 2026 Congressional Breakfast	Warwick RI	June 22, 2026	$825.00
Jenn Almeida	mileage, in-state			$255.50
Dina Munroe	mileage, in-state			$208.82
Dylan Zelazo	business lunches			$1,146.63
	miscellaneous			$408.81
				$24,863.93

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, 2026

Assets:	
Current Assets:	
Cash and equivalents	$ 11,638,257
Receivables	220,311
Restricted assets:	
Cash and equivalents	462,192
Other assets	112,652
Total Current Assets	12,433,412
Non-Current Assets:	
Investments	
Receivables (net)	609,022
Capital assets - depreciable (net)	26,649
Total Non-Current Assets	635,671
Total Assets	13,069,083
Liabilities:	
Current Liabilities:	
Accrued expenses	68,750
Due to primary state government	79,430
Grants payable	1,000,012
Deferred revenue	105,425
Total Current Liabilities	1,253,617
Total Liabilities	1,253,617
Net Position:	
Net invested in capital assets	26,649
Restricted for:	
Other	462,192
Unrestricted	11,326,625
Total Net Position	$ 11,815,466

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, 2026

Total Operating Revenues	$ 3,195,366
Total Operating Expenses	2,896,889
Operating Income	298,477
Other Nonoperating Revenue (Expenses)	
Earnings on investments	404,364
Interest expense	(4,214)
Total Other Nonoperating Revenues (Expenses)	400,150
Change in Net Position	698,627
Total Net Position, Beginning of Year	11,116,839
Total Net Position, End of Year	$ 11,815,466

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 D

June 30, 2026

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Lease liability	$ 105,252	$ -	$ 105,252	$ -	$ -	$ -
	$ 105,252	$ -	$ 105,252	$ -	$ -	$ -

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*

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

To the Board of Directors of
Rhode Island Health and 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, 2026, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 27, 2026.

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.

Withum Smith + Brown, PC

October 27, 2026