

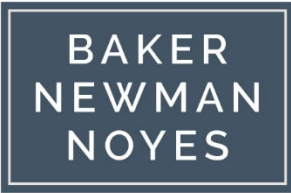
New Hampshire Housing Finance Authority

*Financial Statements and Management's
Discussion and Analysis as of and for the
Year Ended June 30, 2024 and
Independent Auditors' Report*

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Members of
New Hampshire Housing Finance Authority

Opinion

We have audited the accompanying financial statements of New Hampshire Housing Finance Authority (NH Housing), which comprise the statement of net position as of June 30, 2024, the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NH Housing as of June 30, 2024, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NH Housing and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 NH Housing's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

To the Members of
New Hampshire Housing Finance Authority

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 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 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 NH Housing'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 NH Housing'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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Members of
New Hampshire Housing Finance Authority

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise NH Housing's basic financial statements. The Supplemental Combining Schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Combining Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Baku Newman & Noyes LLC

Manchester, New Hampshire
September 26, 2024

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Management's Discussion and Analysis of Net Position and Operating Results

June 30, 2024

New Hampshire Housing Finance Authority (NH Housing) was created by Chapter 204-C of the Revised Statutes Annotated of New Hampshire and provides financial and technical assistance to create and preserve decent, affordable housing for low and moderate-income New Hampshire residents. NH Housing finances single family and multi-family housing for eligible persons and families in the state by either purchasing mortgage loans from lending institutions or granting loans directly to eligible borrowers. Historically, the resources required to fund single family loans have been generated through the issuance of bonds and NH Housing continues to have significant capacity to issue tax-exempt bonds. Based on market conditions, in fiscal year 2013 NH Housing transitioned to a secondary market program whereby single family loans are sold directly to the Federal National Mortgage Association (Fannie Mae) or pooled into mortgage-backed securities (MBS) guaranteed by the Government National Mortgage Association (Ginnie Mae) and sold. NH Housing uses forward commitments to hedge interest rate risk related to secondary market sales. In fiscal year 2023, NH Housing resumed issuing tax-exempt bonds to fund single family loans, with those loans securitized into Ginnie Mae and Fannie Mae MBS that are acquired with bond proceeds. NH Housing continued to issue tax-exempt bonds to fund single family loans in fiscal year 2024.

Fannie Mae is a government-sponsored enterprise with a public mission to provide stability in and to increase the liquidity of the residential market for homebuyers. NH Housing is a Fannie Mae Seller/Servicer and sells whole loans to Fannie Mae for cash as well as securities that are acquired with single family bond proceeds.

Ginnie Mae, through its mortgage-backed securities programs, guarantees securities that are backed by pools of mortgages and issued by mortgage lenders approved by Ginnie Mae. Security holders receive a "pass-through" of the principal and interest payments on a pool of mortgage loans, less amounts required to cover servicing costs and Ginnie Mae guaranty fees. The Ginnie Mae guaranty ensures that the security holder receives the timely payment of scheduled monthly principal and any unscheduled recoveries of principal on the underlying mortgage loans, plus interest at the rate provided for in the securities. If a borrower fails to make a timely payment on a mortgage loan, NH Housing must use its own funds to ensure that the security holders receive timely payment.

Multi-family housing has been financed through the issuance of bonds and the allocation of other resources as noted below. Since fiscal year 2013, NH Housing has also sold 100% participation interests in multi-family loans to third party investors. In addition to private entities, the investors include the Federal Financing Bank, an instrumentality of the Federal government. A requirement of these sales of loan participations has been that the loans be insured through a Federal mortgage insurance program whereby NH Housing bears a portion of the risk of loss on defaulted and foreclosed loans.

In addition to the above lending activity, NH Housing offers and administers a variety of programs to provide affordable housing opportunities such as Federal rental assistance programs, predevelopment loans to stimulate the development of multi-family and supportive housing, Low Income Housing Tax Credits and the HOME Investment Partnership Program.

The accompanying financial statements present NH Housing's net position, revenue and expenses and changes in net position, and cash flows as of and for the year ended June 30, 2024. The enclosed supplemental combining schedules found on pages 30 – 43 present the statements of net position, revenue, expenses and changes in net position, and cash flows for NH Housing's general funds and each of the single family and multi-family bond programs.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Management's Discussion and Analysis of Net Position and Operating Results (Continued)

June 30, 2024

The following is a condensed summary of financial information as of June 30, 2024 and 2023.

Condensed Financial Information – Statement of Net Position (in thousands of dollars)

	As of June 30		Increase
	2024	2023	(Decrease)
Assets			
Cash and cash equivalents	\$ 17,617	\$ 16,468	\$ 1,149
Cash held in escrow	37,634	68,177	(30,543)
Investments	572,696	253,789	318,907
Loans receivable, net	485,757	404,793	80,964
Loans held for sale	19,115	16,151	2,964
Accrued interest receivable on mortgage and construction loans and loans held for sale	2,882	2,459	423
Real estate owned, net	504	223	281
Other assets	25,962	23,849	2,113
Total assets	1,162,167	785,909	376,258
Liabilities			
Bonds payable	853,669	473,610	380,059
Accrued interest payable	15,835	7,580	8,255
Notes payable	46,229	30,754	15,475
Accrued and other liabilities	39,992	89,470	(49,478)
Total liabilities	955,725	601,414	354,311
Net Position	\$ 206,442	\$ 184,495	\$ 21,947

Discussion of Changes in the Statement of Net Position

NH Housing's net position consists primarily of assets and liabilities related to the issuance of bond indebtedness in support of both single family and multi-family housing. Consequently, the most significant assets are investments, which include mortgage-backed securities in the single family programs, funds awaiting either the purchase of mortgage loans or MBS, or the redemption of outstanding bonds, and mortgage loans receivable financed through bond issuance. NH Housing's statement of net position also includes a portfolio of mortgage and construction loans financed through its general funds, as well as a variety of other assets such as mortgage loan servicing rights, property and equipment, and other receivables.

Total assets of NH Housing increased by \$376.3 million, or 47.9%, during the year ended June 30, 2024, primarily the net result of:

- Cash and cash equivalents increased by \$1.1 million as cash provided by noncapital financing activities exceeded cash used for operating activities, capital and related financing activities, and investing activities. See "Cash Flows" below.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Management's Discussion and Analysis of Net Position and Operating Results (Continued)

June 30, 2024

- Cash held in escrow decreased by \$30.5 million, due primarily to a \$29.9 million decrease in escrow funds held in federal and state grant programs awaiting disbursement and a \$2.1 million decrease in escrow funds held for multi-family projects, offset by a \$1.5 million increase in escrow funds held for single family program loans.
- Investments increased by \$318.9 million, due primarily to an increase of \$3.3 million in the general funds related largely to grant funds awaiting disbursement; increases of \$14.3 million and \$16.1 million awaiting loan funding in the multi-family and single family bond programs, respectively; an increase of \$249.2 million in Ginnie Mae and Fannie Mae MBS held as collateral in the single family bond programs, and an increase of \$36.0 million related to balances held in bond issues for debt service and other purposes.
- Loans receivable increased by \$81.0 million as originations of loans held by NH Housing of \$125.9 million exceeded principal payments of \$44.9 million. The principal payments received included \$25.3 million of payments received in advance of scheduled repayment. New loan purchases of \$92.5 million in the multi-family bond programs contributed significantly to the increase in the loans receivable balance.
- Loans held for sale increased by \$3.0 million due to an increase in loans waiting to be sold in the secondary market or to be transferred to single family bond issues. During the year ended June 30, 2024, \$200.0 and \$129.9 million in loans were exchanged for Ginnie Mae and Fannie Mae securities with \$77.8 million then sold in the secondary market and \$251.9 million transferred to tax-exempt bond issues.

Total liabilities of NH Housing increased by \$354.3 million, or 58.9%, during the year ended June 30, 2024, primarily the net result of:

- Bonds outstanding increased by \$380.1 million as new issuances of \$401.7 million exceeded redemptions, both scheduled and prior to scheduled maturity, of \$21.6 million. NH Housing issued \$130.2 million of multi-family bonds to finance new projects and \$271.5 million of single family bonds.
- Accrued interest payable increased by \$8.3 million due to an increase in bonds payable in both the single family and multi-family bond programs.
- Notes payable reflect the use of a bank line of credit to fund single family mortgage loan acquisitions in advance of secondary market disposition or bond issue acquisition, and short-term construction loans for multi-family housing projects. The \$15.5 million increase is due to a \$11.0 million increase in multi-family construction loans and a \$4.5 million increase related to single family loans.
- Accrued and other liabilities decreased by \$49.5 million related primarily to a \$50.9 million decrease in funds held in connection with federal sponsored housing assistance fund, emergency rental assistance and homeownership programs, a \$1.9 million decrease in escrow funds held for multi-family project disbursements and a \$3.3 million increase in escrow funds held in connection with single family loans and other operating funds. NH Housing has contracted with the State of New Hampshire to administer the Federal Emergency Rental Assistance and Homeowner Assistance Fund programs on behalf of the State. The programs make funds available to mitigate financial hardships suffered by New Hampshire residents due to the coronavirus pandemic, and are coming to an end. Funds received by NH Housing are recorded as grant revenue and expense as they are disbursed.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

**Management's Discussion and Analysis
of Net Position and Operating Results (Continued)**

June 30, 2024

The net position of NH Housing increased by \$21.9 million, or 11.9%, as a result of the excess of expenses over revenue for the year ended June 30, 2024 discussed in detail under "Discussion of Changes in the Operating Results for the Year Ended June 30, 2024 Compared to the Year Ended June 30, 2023."

Condensed Financial Information – Operating Results (in thousands of dollars)

	<u>For the Years Ended June 30</u>		
	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Operating Revenue			
Interest and fees on mortgage and construction loans and loans held for sale	\$ 28,261	\$ 22,986	\$ 5,275
Gain on sale of loans and mortgage-backed securities	1,773	3,789	(2,016)
Servicing revenue	6,684	5,861	823
Investment income, net	24,479	7,864	16,615
Housing management fees	8,064	7,780	284
Federal rental assistance programs	126,883	114,886	11,997
Grants and subsidies	97,827	184,228	(86,401)
Other	<u>716</u>	<u>599</u>	<u>117</u>
Total operating revenue	<u>294,687</u>	<u>347,993</u>	<u>(53,306)</u>
Operating Expenses			
Bond interest expense and debt financing costs	25,359	13,884	11,475
Administrative expenses	27,510	23,149	4,361
Loan origination expenses	4,426	2,401	2,025
Loan servicing expenses	3,069	3,100	(31)
Federal rental assistance programs	126,966	114,886	12,080
Grants and subsidies	85,153	200,635	(115,482)
Other	<u>257</u>	<u>262</u>	<u>(5)</u>
Total operating expenses	<u>272,740</u>	<u>358,317</u>	<u>(85,577)</u>
Change in net position	21,947	(10,324)	32,271
Net position, beginning of year	<u>184,495</u>	<u>194,819</u>	<u>(10,324)</u>
Net position, end of year	<u>\$206,442</u>	<u>\$184,495</u>	<u>\$ 21,947</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Management's Discussion and Analysis of Net Position and Operating Results (Continued)

June 30, 2024

Discussion of Changes in the Operating Results for the Year Ended June 30, 2024 Compared to the Year Ended June 30, 2023

NH Housing's operating revenue consists primarily of interest and fees on mortgage and construction loans and loans held for sale, gain on sale of loans and mortgage-backed securities, servicing revenue, investment income and revenue received to administer and support Federal rental assistance programs. Operating expenses consist primarily of bond interest expense and debt financing costs, administrative expenses, loan origination and servicing expenses, and expenditures related to Federal rental assistance programs. In addition, NH Housing receives and distributes grants and subsidies in support of a variety of housing-related initiatives.

NH Housing's change in net position for the year ended June 30, 2024 was \$21.9 million compared to \$(10.3) million for the year ended June 30, 2023. The \$32.3 million increase was the net effect of a \$53.3 million decrease in operating revenue and an \$85.6 million decrease in operating expenses. Significant changes leading to the \$32.3 million increase included:

- A \$5.3 million increase in interest and fees on mortgage and construction loans and loans held for sale consisting of a \$6.1 million increase related to multi-family loan activity funded by both bonds and the general funds and a \$0.8 million decrease related to the declining bond financed single family loan portfolio.
- A \$2 million decrease in gain on sale of loans and mortgage backed securities due to decreased secondary market volume related to market conditions and the continuation of loan activity to the bond-based business model, as well as reduced profitability on the sales of securities.
- A \$16.6 million increase in investment income due to increased investment balances, as explained above, and increased short-term investment yields.
- An \$11.5 million increase in bond interest expense and debt financing costs primarily due to increased bonds outstanding in both the single family and multi-family bond programs.
- A \$4.4 million increase in administrative expenses to support overall operations.
- A \$2 million increase in loan origination fees due to an increase in loan volume in the single family bond programs offset by a decrease of program volume in the FNMA and GNMA secondary market lending programs.
- A \$29.1 million increase in the difference between revenues and expenses related to grants and subsidies activity, as follows:

	Year Ended June 30	
	<u>2024</u>	<u>2023</u>
Grants and subsidies revenue	\$ 97,827	\$ 184,228
Grants and subsidies expense	<u>85,153</u>	<u>200,635</u>
Net grants and subsidies activity	\$ <u>12,674</u>	\$ <u>(16,407)</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Management's Discussion and Analysis of Net Position and Operating Results (Continued)

June 30, 2024

The \$29.1 million difference in net grants and subsidies activity is primarily due to a \$33.3 million increase in revenue over expenses in a state funded multi-family housing program and a \$4.2 million decrease in revenue over expenses in a state funded lead abatement program, both due to the timing of program receipts and disbursements; a \$1.9 million decrease in the net expenditures in a single family downpayment assistance program; and a \$1.9 million increase in net program revenue over expenses in all other grant programs.

Cash Flows

The statement of cash flows, which summarizes the changes in NH Housing's statement of net position and the results of its operations in terms of cash and cash equivalents, shows a \$1.1 million increase in cash and cash equivalents between June 30, 2023 and June 30, 2024. As evident in the Supplemental Combining Schedule of Cash Flows on pages 33 and 34, the increase in cash and cash equivalents is attributable primarily to the general funds, in which cash provided by noncapital financing activities and investing activities exceeded cash used for operating activities, and capital and related financing activities. In the general funds, operating activities include all lending, programmatic and administrative activities not directly supported by bond issuance; capital and related financing activities include additions to property and equipment; noncapital financing activities relate to the proceeds and repayments of notes payable; and investing activities include the purchase, sale and maturity of investments as well as receipt of investment income. In the single family and multi-family bond programs, operating activities include primarily loan receipts and disbursements; noncapital financing activities include bond issuance, bond repayment and debt service payments; and investing activities include the purchase, sale and maturity of investments as well as receipt of investment income.

Significant Long-Term Debt Activity

NH Housing is authorized to issue bonds, the outstanding balance of which cannot exceed \$2 billion, under the laws of the State of New Hampshire. NH Housing has issued bonds for both single family and multi-family housing, the outstanding balance of which totaled \$853.7 million at June 30, 2024.

During the year ended June 30, 2024, NH Housing issued \$271.5 million of single family bonds and \$130.2 million of multi-family bonds. Based on scheduled maturities, NH Housing redeemed during the year \$8.1 million of single family program bonds and \$7.2 million of multi-family program bonds. NH Housing also redeemed during the year ended June 30, 2024, prior to scheduled maturities, \$6.3 million of single family program bonds. The bond redemptions prior to scheduled maturities resulted from the repayment of mortgage loans prior to scheduled maturities.

Additional Information

The purpose of this financial report is to provide information needed to understand NH Housing's financial position and results of operations as of and for the year ended June 30, 2024.

Inquiries for additional information may be directed to the Managing Director, Finance/CFO at New Hampshire Housing Finance Authority, 32 Constitution Drive, Bedford, New Hampshire 03110, at (603) 472-8623 or at www.nhhfa.org.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

STATEMENT OF NET POSITION

June 30, 2024

(In thousands of dollars)

ASSETS

Current assets:

Cash and cash equivalents	\$ 17,617
Cash held in escrow	37,634
Short-term investments	250,970
Accrued interest receivable on investments	1,766
Current portion of mortgage and construction loans receivable	67,231
Loans held for sale, at lower of cost or fair value	19,115
Accrued interest receivable on mortgage and construction loans and loans held for sale	2,882
Real estate owned, net	504
Other current assets	11,630
Total current assets	<u>409,349</u>

Long-term investments:

Mortgage-backed securities	290,899
Other long-term investments	30,827
Total long-term investments	<u>321,726</u>

Loans receivable:

Mortgage loans	461,645
Construction loans	25,009
Less allowance for possible losses	(897)
Loans receivable, net	<u>485,757</u>
Less current portion of loans receivable	(67,231)
Long term portion of loans receivable	<u>418,526</u>

Other assets:

Mortgage loan servicing rights, net	7,243
Property and equipment, net	3,823
Other	1,500
Total other assets	<u>12,566</u>

Total assets

1,162,167

LIABILITIES

Current liabilities:

Current portion of bonds payable	43,970
Accrued interest payable	15,835
Notes payable	46,229
Current portion of accrued and other liabilities	37,543
Total current liabilities	<u>143,577</u>

Long-term liabilities:

Bonds payable, net of current portion	809,699
Accrued and other liabilities	2,449
Total long-term liabilities	<u>812,148</u>

Total liabilities

955,725

Commitments and contingent liabilities (Notes 8 and 12)

NET POSITION

Invested in capital assets, net of related debt	3,823
Restricted	151,785
Unrestricted	50,834

Total net position

\$ 206,442

See notes to financial statements.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2024

(In thousands of dollars)

OPERATING REVENUE:

Interest and fees on mortgage and construction loans and loans held for sale	\$ 28,261
Gain on sale of loans and mortgage-backed securities	1,773
Servicing revenue	6,684
Investment income, net	24,479
Housing management fees	8,064
Federal rental assistance programs	126,883
Grants and subsidies	97,827
Other	<u>716</u>
Total operating revenue	<u>294,687</u>

OPERATING EXPENSES:

Bond interest expense and debt financing costs	25,359
Administrative expenses	27,510
Loan origination expenses	4,426
Loan servicing expenses	3,069
Federal rental assistance programs	126,966
Grants and subsidies	85,153
Other	<u>257</u>
Total operating expenses	<u>272,740</u>

CHANGE IN NET POSITION

21,947

Net position, beginning of year

184,495

NET POSITION, END OF YEAR

\$206,442

See notes to financial statements.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

(In thousands of dollars)

Cash flows from operating activities:	
Loan repayments received	\$ 49,982
Loan interest income and servicing revenue received	23,490
Proceeds from sale of loans and mortgage-backed securities	331,315
Federal rental assistance program receipts	126,883
Grants and subsidies receipts	97,827
Other receipts	56,199
Loan disbursements	(448,540)
Purchase of loan servicing rights	(2,031)
Payments to vendors	(15,232)
Payments to employees	(13,403)
Federal rental assistance program disbursements	(126,966)
Grants and subsidies disbursements	(85,153)
Other disbursements	<u>(75,799)</u>
Net cash used for operating activities	(81,428)
Cash flows from noncapital financing activities:	
Proceeds from issuance of bonds	401,725
Principal repayment of bonds	(21,440)
Proceeds from notes payable	344,762
Repayment of notes payable	(329,287)
Interest paid	<u>(17,330)</u>
Net cash provided by noncapital financing activities	378,430
Cash flows from capital and related financing activities:	
Additions to property and equipment	<u>(103)</u>
Net cash used for capital and related financing activities	(103)
Cash flows from investing activities:	
Purchase of investment securities	(712,999)
Proceeds from sale and maturities of investment securities	399,854
Investment income received	<u>17,395</u>
Net cash used for investing activities	<u>(295,750)</u>
Net increase in cash and cash equivalents	1,149
Cash and cash equivalents, beginning of year	<u>16,468</u>
Cash and cash equivalents, end of year	<u>\$ 17,617</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

Year Ended June 30, 2024

(In thousands of dollars)

Reconciliation of change in net position to net cash used for operating activities:	
Change in net position	\$ 21,947
Adjustments to reconcile change in net position to net cash used for operating activities:	
Amortization of servicing rights	1,769
Mortgage loan servicing rights capitalized	(2,031)
Depreciation of property and equipment	430
Loan interest income converted to loan principal	(11,200)
Investment income, net	(24,479)
Bond interest expense and debt financing costs	25,359
Changes in operating assets and liabilities:	
Loans receivable	(69,744)
Loans held for sale	944
Accrued interest – loans	(471)
Other assets	27,818
Accrued and other liabilities	<u>(51,770)</u>
Net cash used for operating activities	\$ <u>(81,428)</u>
Supplemental disclosures of noncash information:	
Real estate acquired through foreclosure	\$ 1,517
See notes to financial statements.	(Concluded)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

1. **Organization and Nature of Operations**

New Hampshire Housing Finance Authority (NH Housing) is a body politic and corporate authorized by Chapter 204-C of the Revised Statutes Annotated of New Hampshire. The initial legislation and subsequent amendments grant NH Housing the power to sell bonds and use the proceeds to stimulate the construction and rehabilitation of housing for low and moderate-income families in New Hampshire (the State).

NH Housing finances single family and multi-family housing for eligible persons and families in the State through the issuance of bonds and the secondary market sale of mortgage-backed securities or loans. NH Housing purchases single family mortgage loans from lending institutions and originates loans directly. Multi-family loans are originated directly. All such loans are generally collateralized by residential real estate located within the State.

Under the terms of the single family bond programs, bond holders are protected from possible losses on mortgage loans by primary mortgage insurance policies, government-backed guarantee programs and by mortgage pool insurance policies. Certain of these arrangements involve risk-sharing agreements under which NH Housing bears a portion of the risk of loss when actual losses on defaulted and foreclosed loans exceed certain levels. Under the terms of a number of multi-family bond programs, the bond issues are further protected from possible losses on mortgage loans by a Federal mortgage insurance program. This program involves risk-sharing arrangements by which NH Housing bears a portion of the risk of loss on defaulted and foreclosed loans (see Note 12 for further discussion).

2. **Summary of Significant Accounting Policies**

Basis of Presentation – NH Housing’s financial statements have been prepared on the basis of the proprietary-fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed primarily through fees and charges assessed to the users of the services. NH Housing follows the accrual basis of accounting promulgated by the Governmental Accounting Standards Board (GASB) using, when applicable, funds and accounts stipulated under bond resolutions adopted in connection with the issuance of bonds.

The financial statements encompass NH Housing’s general funds and both single family and multi-family bond programs. The general funds account for assets, liabilities, and transactions that are not generally governed by provisions of bond resolutions. The single family bond programs encompass various bond issues that were issued in accordance with the General Single Family Mortgage Acquisition Revenue Bond Resolution adopted by NH Housing on March 23, 1995, the General Single Family Mortgage Acquisition Revenue Bond Resolution (Non-MBS) adopted by NH Housing on June 25, 2009 and the General Single Family Mortgage Acquisition Revenue Bond Resolution adopted by NH Housing on August 25, 2022.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

2. **Summary of Significant Accounting Policies (Continued)**

The multi-family bond programs encompass various bond issues that were issued in accordance with the Multi-family Housing Bond Resolution adopted by NH Housing on April 27, 2000 and the General Multi-family Housing Bond Resolution adopted by NH Housing on September 28, 2017.

The financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all the organizations, activities and functions for which NH Housing (the reporting entity) is financially accountable. Determination of financial accountability includes, among other factors, appointment of a voting majority of the component's governing body and (1) ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, NH Housing. Based on the preceding criteria, the accompanying financial statements do not include the financial activities of any entity other than NH Housing.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Assets – All of the assets within bond program funds are pledged for payment against the various bond indentures. Certain assets in the general funds are restricted as to purpose by entities other than NH Housing, primarily the State and the U.S. Department of Housing and Urban Development (HUD).

Mortgage Loans and Allowances for Possible Losses – Loans are stated at the principal amounts outstanding, net of allowances for possible losses. Interest income on loans is recorded on the accrual basis. The recording of interest income on problem loans ceases when collectability within a reasonable period of time becomes doubtful.

The allowance for loan losses is increased by charges to expense and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on NH Housing's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, existing mortgage insurance and current economic conditions.

Loans Held for Sale – Loans originated or acquired and intended for sale in the secondary market are carried at the lower of aggregate cost or market value.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

2. **Summary of Significant Accounting Policies (Continued)**

Investments – Short-term investments consist of debt securities, nonparticipating guaranteed investment contracts, collateralized repurchase agreements and money market funds. Long-term investments consist of debt securities with fixed maturities in excess of one year. Debt securities are recorded at fair value based on quoted market prices. Interest income on investments is recorded on the accrual basis. Nonparticipating guaranteed investment contracts and collateralized repurchase agreements are recorded at the contract value.

Mortgage Loan Servicing Rights – The cost of acquiring the rights to service mortgage loans from loan originators is capitalized and amortized in proportion to, and over the period of, estimated net servicing income. NH Housing makes an assessment of mortgage servicing rights based on the fair value of those rights. For purposes of measuring impairment, NH Housing stratifies mortgage servicing rights based on the age of the underlying loans. The amount of impairment, if any, is the amount by which the carrying amount of the capitalized mortgage servicing rights for a stratum exceeds its fair value. Fair value represents the present value of the anticipated net cash flows from servicing the loans.

Property and Equipment – NH Housing uses a capitalization limit of \$5 for developed software and \$1 for all other items of property and equipment. Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 45 years.

Real Estate Owned – Real estate owned consists of single family and multi-family residential properties acquired through foreclosure that are carried at the lower of cost or fair value less estimated costs to sell. An allowance for losses on real estate owned is maintained for estimated losses and valuation adjustments on a specific property basis.

Bonds – Bonds payable are general and limited obligations of NH Housing and are not a debt or liability of the State or any subdivisions thereof. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, moneys, investments, mortgage loans and other assets in the accounts of the program. The provisions of the applicable trust indentures require or allow for redemption of bonds through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of NH Housing, in whole or in part at any time after certain dates, as specified in the respective series indentures. To date, NH Housing has issued only bonds with fixed interest rates established at issuance.

Bond Discounts and Premiums – Discounts and premiums on bonds payable are amortized to interest expense over the lives of the respective bond issues using the effective interest method.

Arbitrage Rebate – Federal income tax rules limit the investment yield that NH Housing may retain from investing the proceeds and other funds related to its tax-exempt bond issues. The excess yield is payable to the U.S. Treasury and included in accrued and other liabilities in the accompanying statement of net position. There was no liability as of June 30, 2024.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

2. **Summary of Significant Accounting Policies (Continued)**

Operating Revenue and Expenses – NH Housing’s primary operation is to fund single family and multi-family loans with proceeds from the issuance of bonds or the sale of loans and mortgage-backed securities. NH Housing’s primary sources of operating revenue are the income from mortgage loans or other permitted investments and the sale of loans and mortgage-backed securities. The primary operating expenses are the bond interest expense associated with bonds outstanding and the costs of originating loans.

NH Housing also administers various Section 8 subsidized housing programs in the State for HUD. NH Housing receives federal financial assistance to provide rental subsidies to program participants and to cover program administration costs. A portion of the subsidies are disbursed on behalf of program participants who reside in housing developments on which NH Housing holds a mortgage, some of which are loans financed through the issuance of multi-family program bonds. The financial assistance received and disbursed on behalf of program participants is reflected as both an operating revenue and expense. The financial assistance that covers program administration costs is included in housing management fees.

NH Housing receives various other pass-through grants to support housing programs. In addition to these pass-through funds, NH Housing also makes various grants to both organizations and individuals for housing-related purposes.

Investment Derivative Instruments – Forward commitments to deliver mortgage-backed securities are used to hedge changes in fair value of mortgage loans held for sale and commitments to acquire or originate mortgage loans to be held for sale. These contracts are considered investment derivative instruments, as defined in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Changes in the fair value of investment derivative instruments are included in investment income.

Interfund Transfers – NH Housing makes transfers between its various funds and programs, primarily for the infusion of cash into new bond issue programs and the withdrawal of cash from bond issues as permitted by the bond resolutions. All interfund receivables and payables are eliminated from the financial statements.

3. **Loans Receivable, Related Allowances, and Concentrations**

Mortgage Loans – Mortgage loans receivable provide for monthly receipts of principal and interest for terms of 10 to 42 years and bear interest at annual rates of 0% to 8.375%.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

3. Loans Receivable, Related Allowances, and Concentrations (Continued)

Allowance for Possible Losses – The activity in the allowance for possible losses on mortgage and construction loans, other assets and GNMA loss liabilities during fiscal 2024 is summarized as follows:

Balance – June 30, 2023	<u>\$ 3,009</u>
Balance attributable to:	
Mortgage and construction loans	\$ 1,002
Real estate owned	229
Other liabilities – GNMA loss liability	<u>1,778</u>
Total	3,009
Provision for loan losses	–
Write-offs, net	<u>(64)</u>
Balance – June 30, 2024	<u>\$ 2,945</u>
Balance attributable to:	
Mortgage and construction loans	\$ 897
Real estate owned	270
Other liabilities – GNMA loss liability	<u>1,778</u>
Total	<u>\$ 2,945</u>

NH Housing services both single family and multi-family mortgage loans on behalf of others and such loans are not reported on the Statement of Net Position. NH Housing services single family loans that it securitizes and sells as Ginnie Mae and Fannie Mae mortgage-backed securities and it also services loans sold directly to Fannie Mae. As of June 30, 2024, NH Housing serviced \$1,009,505 of loans held in Ginnie Mae mortgage-backed securities and \$425,942 of loans held by Fannie Mae. NH Housing is exposed to operational risks with respect to the loans sold to Ginnie Mae and Fannie Mae as discussed further in Note 12.

The majority of single family mortgage loans either securitized and sold or sold directly by NH Housing are acquired from a network of mortgage loan originators. For the year ended June 30, 2024, loans acquired from three originating lenders amounted to 49.9% of the sold loan volume, contributing 1.62% of NH Housing's total operating revenue and 4.76% of its change in net position.

NH Housing also originates and services FHA risk-share insured multi-family mortgage loans for which it sells 100% participation interests. As of June 30, 2024, NH Housing serviced \$127,917 of multi-family mortgage loans for five investors.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

4. Cash and Investments

Cash and Cash Equivalents – At June 30, 2024, the carrying amount of NH Housing’s bank deposits was \$17,617, such amount representing cash bank deposits. Bank balances of cash deposits held in the general funds totaled \$12,723. Of such deposits, \$250 was insured by the Federal Deposit Insurance Corporation, while deposits aggregating \$12,473 were uninsured.

Bank balances of cash deposits held in bond funds totaled \$510, and \$250 was insured by the Federal Deposit Insurance Corporation.

At June 30, 2024, the carrying amount of NH Housing’s restricted cash (cash held in escrow) was \$37,634. The restricted cash bank balance was \$43,443, which was uninsured.

A bank provides an irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Pittsburgh as additional security for uninsured cash balances. The letter of credit collateralized \$64,770 of deposits as of June 30, 2024.

Investments – In accordance with the terms of its investment policy and its bond indentures, NH Housing may invest, subject to various restrictions, in direct obligations of the United States, United States government-sponsored enterprise (GSE) securities, guaranteed investment contracts, collateralized repurchase agreements, money market funds comprised of direct obligations of the United States or GSE debt obligations, collateralized certificates of deposit and interest-bearing time deposits, and certain direct and general obligations of any state or governmental entity of the United States. The majority of investments are restricted for the repayment of bond obligations or to satisfy certain reserve requirements specified by the bond indentures.

Guaranteed investment contracts are uncollateralized contracts with qualified financial institutions and registered broker-dealers insured by the Securities Investor Protection Corporation (SIPC). Although the nominal maturity dates of the guaranteed investment contracts are closely matched with future bond maturities and loan disbursements, the contracts have short-term liquidity and termination provisions. U.S. Treasury Notes and U.S. Treasury Bills (UST), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) and Government National Mortgage Association (GNMA) obligations are in NH Housing’s name and held by third parties.

Short-Term Investments – Short-term investments at June 30, 2024 consist of the following investments with maturities of less than one year:

Guaranteed investment contracts (at contract value)	\$ 29,705
Collateralized repurchase agreements (at contract value)	1,053
U.S. Treasury obligation money market funds (at fair value)	178,963
UST obligations (at fair value)	38,290
U.S. Government bonds	<u>2,959</u>
Total	<u>\$250,970</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

4. Cash and Investments (Continued)

Long-Term Investments – Long-term investments at June 30, 2024 with their credit quality ratings as issued by Moody’s Investors Service as of the date of this report, consist of the following (at fair value), all maturing in excess of one year, with maturities ranging from 2024 to 2064.

	<u>Rating</u>	<u>Investment Maturities</u>					<u>Total</u>
		<u>(In Years)</u>					
		<u>1 – 5</u>	<u>6 – 10</u>	<u>11 – 15</u>	<u>16 – 30</u>	<u>30+</u>	
FHLB obligation	Aaa	\$ 1,364	\$ –	\$ –	\$ –	\$ –	\$ 1,364
FHLMC obligations	Aaa	–	1,271	–	–	–	1,271
FNMA obligations	Aaa	–	–	–	61,044	19,618	80,662
GNMA obligations	Aaa	–	–	–	175,958	34,279	210,237
UST obligations	Aaa	<u>21,251</u>	<u>5,518</u>	<u>–</u>	<u>1,423</u>	<u>–</u>	<u>28,192</u>
Total		<u>\$ 22,615</u>	<u>\$ 6,789</u>	<u>\$ –</u>	<u>\$ 238,425</u>	<u>\$ 53,897</u>	<u>\$ 321,726</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. NH Housing invests primarily in guaranteed investment contracts and collateralized repurchase agreements that provide for withdrawal of funds at par over the lives of the contracts. The portfolio of UST, FFCB, FHLB, FHLMC, FNMA and GNMA investments is subject to fair value fluctuations. The balance in money market funds at June 30, 2024 includes amounts withdrawn from guaranteed investment contracts and collateralized repurchase agreements to satisfy July 1, 2024 scheduled debt service payments.

Credit Risk – Credit risk is the risk that an investment issuer will not fulfill its obligations. Credit risk is measured by the credit quality ratings of issuers as described by nationally recognized rating organizations. NH Housing requires providers of guaranteed investment contracts to have and maintain a long-term unsecured debt obligation rating or claims paying ability rating sufficient to support the applicable NH Housing bond rating. In the event of an investment provider rating downgrade that will impact the applicable NH Housing bond rating, NH Housing may request the provider to deliver collateral sufficient to maintain the NH Housing bond rating or terminate the contract.

Custodial Credit Risk – Custodial credit risk is the risk that, in the failure of a counterparty, NH Housing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. NH Housing’s policy requires collateralized repurchase agreement providers to be members of the Federal Deposit Insurance Corporation or the Association of Primary Dealers in United States Government Securities and the collateral provided must be direct obligations of the United States or GSE debt obligations, have a maintained market value of not less than 102% of the repurchase agreement maturity value and be delivered to a third party custodian acting as a fiduciary on behalf of NH Housing.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

4. Cash and Investments (Continued)

Repurchase agreement collateral held by Wells Fargo Bank, National Association:

Government National Mortgage Association mortgage pools (at fair value) \$ 1,245

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of investment in a single issue or a single issuer. NH Housing does not place limits on the amount of investment in a single issue or a single issuer. Investments in issuers that represent 5% or more of total short and long-term investments at June 30, 2024, with their credit quality ratings as issued by Moody’s Investors Service as of the date of this report, are as follows:

	<u>Rating</u>	
Collateralized repurchase agreements and guaranteed investment contracts provided by:		
Bayerische Landesbank Girozentrale	Aa2	\$ 22,428
Government National Mortgage Association	Aaa	210,237
U.S. Treasury obligation money market funds provided by:		
Fidelity Institutional Money Market Funds	Aaa-mf	127,303
U.S. Treasury obligations	Aaa	66,482
Federal National Mortgage Association	Aaa	81,901
Dreyfus Money Market	AAAm	<u>51,660</u>
 Total		 <u>\$560,011</u>

5. Other Assets

Other assets at June 30, 2024 consist of the following:

	<u>Current</u>	<u>Long Term</u>
Accounts receivable	\$ 7,993	\$ –
Repurchased loans	2,212	–
Prepaid expenses	813	–
Fair value investment derivatives	2	–
Notes receivable	–	1,500
Accrued servicing revenue	<u>610</u>	<u>–</u>
 Total	 <u>\$ 11,630</u>	 <u>\$ 1,500</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

6. Mortgage Loan Servicing Rights

During the year ended June 30, 2024, NH Housing capitalized \$2,031 in connection with the purchase of servicing rights and recorded amortization of \$1,769. At June 30, 2024, mortgage loan servicing rights totaled \$7,243, net of accumulated amortization of \$11,707. Gross servicing rights totaled \$18,950.

7. Property and Equipment

Property and equipment at June 30, 2024, consists of:

Land and building	\$ 7,289
Equipment	7,155
Furniture and fixtures	<u>728</u>
Total	15,172
Less accumulated depreciation	<u>(11,349)</u>
Property and equipment – net	<u>\$ 3,823</u>

Depreciation expense for the year ended June 30, 2024 was \$430.

8. Forward Commitments

NH Housing sells forward commitments to deliver Ginnie Mae and Fannie Mae guaranteed mortgage-backed securities. Commitments are sold as mortgage loan reservations are taken to hedge against market fluctuations prior to loan origination and securitization. NH Housing is subject to market value fluctuations in the event that mortgage loans are not funded as expected and the committed securities cannot be delivered. A net increase in fair value of \$11 on these forward commitments, classified as investment derivative instruments, has been recorded within investment income. The \$6 fair value mark-to-market adjustment is included in accrued and other liabilities and other assets on the statement of net position. In addition, NH Housing has agreements with five forward commitment counterparties that require the delivery of collateral should the aggregate fair market value of outstanding forward commitments with a counterparty decline from the aggregate contract amount by more than specified amounts. As of June 30, 2024, the aggregate fair market value of forward commitment contracts containing such collateral provisions was \$2,535 compared to an aggregate contract amount of \$2,500 and no collateral was posted as of that date.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

8. **Forward Commitments (Continued)**

NH Housing is subject to credit risk with respect to counterparties to the forward commitment contracts, summarized as follows at June 30, 2024, with their credit quality ratings as issued by Moody's Investors Service, unless otherwise noted, as of the date of this report:

	<u>Rating</u>	<u>Number of Contracts</u>	<u>Par Amount</u>
Bank of Oklahoma	A3	3	\$ 1,600
Daiwa Capital Markets	Not Rated	3	900
Jefferies Group LLC	Baa2	<u>4</u>	<u>2,100</u>
Total		<u>10</u>	<u>\$ 4,600</u>

9. **Bonds Payable**

Bonds payable consist of term and serial bonds due in installments on January 1 and July 1 of each year, with interest rates ranging from 0.30% to 6.50%. Interest paid on bonds of NH Housing is generally exempt from Federal income taxes, except for certain bonds including nine series of Single Family Mortgage Acquisition Revenue Bonds and two series of Multi-family Housing Revenue bonds.

Bonds payable activity for the year ended June 30, 2024 was as follows:

Balance – June 30, 2023	\$473,610
Bond issuance	401,725
Amortization of bond premium and discount, net	(226)
Principal repayment	<u>(21,440)</u>
Balance – June 30, 2024	<u>\$853,669</u>
Amount payable within one year	<u>\$ 43,970</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

9. Bonds Payable (Continued)

Principal and interest payments due on outstanding bonds are as follows at June 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2025	\$ 43,970	\$ 32,933	\$ 76,903
2026	37,478	33,918	71,396
2027	54,845	32,492	87,337
2028	18,070	30,797	48,867
2029	<u>19,340</u>	<u>30,168</u>	<u>49,508</u>
Subtotal, years ending 2025 – 2029	173,703	160,308	334,011
Years ending June 30:			
2030 – 2034	83,285	141,457	224,742
2035 – 2039	91,240	125,509	216,749
2040 – 2044	97,895	106,540	204,435
2045 – 2049	197,630	69,042	266,672
2050 – 2054	130,485	33,417	163,902
2055 – 2059	49,060	7,834	56,894
2060 – 2064	20,985	1,598	22,583
2065 – 2069	<u>1,330</u>	<u>30</u>	<u>1,360</u>
Total	845,613	<u>\$645,735</u>	<u>\$1,491,348</u>
Unamortized premium	8,390		
Unamortized discount	<u>(334)</u>		
Total bonds payable	<u>\$853,669</u>		

In the ordinary course of its business, NH Housing redeems, prior to stated maturity, various amounts of bonds from prepayments of the related mortgage loans. During fiscal 2024, NH Housing redeemed, prior to stated maturity and in accordance with the terms of the bonds, \$6,260 of current interest single family bond program bonds.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

10. Notes Payable and Credit Facilities

NH Housing has a line of credit with a bank, with availability between \$70,000 and \$100,000 depending on need, for the purpose of acquiring single family mortgage loans prior to the issuance of single family bonds or other secondary market disposition and for financing short-term construction loans for multi-family housing projects. The bank holds collateral assignments in the related mortgages and notes related to each advance. This line of credit bears interest at a fluctuating per annum rate based on the bank's one-month Term Secured Overnight Financing Rate (SOFR) rate plus 0.95% with a floor of 2.15% and expires on January 31, 2026. At June 30, 2024, \$47,717, with \$1,488 included in current portion of bonds payable, was outstanding with an interest rate of 6.28%, whereas \$52,283 was unused with an interest rate of 0.15%.

NH Housing has a \$5,000 line of credit with a bank, which bears interest at a fluctuating per annum rate based on the bank's one-month Term SOFR rate plus 2.45% and expires on January 31, 2026. There were no amounts outstanding on the line at June 30, 2024.

In connection with the bank lines of credit, NH Housing has covenanted to maintain an unrestricted net position of \$40,000 and a minimum investment rating of A3 from Moody's Investors Service, Inc. NH Housing was in compliance with these covenants as of and for the year ended June 30, 2024.

11. Accrued and Other Liabilities

Accrued and other liabilities at June 30, 2024 consist of the following:

	<u>Current</u>	<u>Long-Term</u>
Accounts payable	\$ 3,700	\$ -
Funds held in escrow	32,202	2,199
Fair value investment derivatives	8	-
Accrued servicing fees	106	-
GNMA loss liability	<u>1,527</u>	<u>250</u>
Total	<u>\$ 37,543</u>	<u>\$ 2,449</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

12. Commitments and Contingent Liabilities

In the normal course of business, NH Housing has outstanding various commitments and contingent liabilities, including the following:

- At June 30, 2024, NH Housing was committed to fund approximately \$25,219 of mortgage loans to be used in the Ginnie Mae mortgage-backed securities program. Ginnie Mae guarantees securities that are backed by mortgage loan pools. These mortgages are either acquired or originated by NH Housing and then exchanged with Ginnie Mae for mortgage-backed securities which are either sold or transferred to tax-exempt bond issues. Ginnie Mae has established minimum net worth requirements for program participants based on outstanding securities and the balance of commitments to guarantee securities. At June 30, 2024, NH Housing met the minimum net worth requirement of \$7,706. Under the Ginnie Mae program, NH Housing must use its own funds if a borrower fails to make a timely payment on a mortgage loan. NH Housing must also assess the overall performance of the portfolio and repurchase loans as necessary to maintain required delinquency thresholds. NH Housing assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. NH Housing securitized \$199,979 of mortgage loans during the year ended June 30, 2024 and held \$2,157 of repurchased loans in other assets at June 30, 2024.
- At June 30, 2024, NH Housing was committed to fund approximately \$28,551 of mortgage loans to be sold to Fannie Mae. NH Housing sells mortgage loans to Fannie Mae on a nonrecourse basis although previously also sold loans on a risk-share basis. NH Housing securitized \$80,654 of mortgage loans during the year ended June 30, 2024.
- NH Housing has committed to maintain primary mortgage insurance policies for all the single family bond program bond issues. The primary insurance policies for two issues contain risk-sharing arrangements. NH Housing has also committed to maintain pool insurance policies or self-insurance funds held within bond indentures for all issues, except those in the General Single Family Mortgage Acquisition Revenue Bond Resolution adopted on August 25, 2023. The aggregate maximum contingent liability to the general funds with respect to these arrangements is approximately \$876 for the risk-sharing insurance agreements.
- NH Housing has committed to maintain mortgage insurance provided through the Federal Housing Administration (FHA) for a number of multi-family mortgage loans, including the multi-family loan participation interests sold as discussed in Note 3. The FHA insurance used by NH Housing includes risk-sharing arrangements by which NH Housing has a maximum contingent liability to the general funds of \$221,633.
- NH Housing has authorized the funding of approximately \$17,829 from the general funds for the purchase of housing units and for other housing-related purposes. This total includes \$14,476 of construction loans expected to be funded from a bank line of credit.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

12. Commitments and Contingent Liabilities (Continued)

- Provisions of certain general funds and multi-family bond program loans require NH Housing to administer certain funds in escrow on behalf of developers for the purposes of project completion, working capital and contingency reserves, insurance and taxes. At June 30, 2024, these balances aggregated \$62,127. These balances are not included in NH Housing's financial statements as they are maintained in separate accounts in the names of the developers.

NH Housing is subject to various legal proceedings and claims that arise in the normal course of its business. In the opinion of management, the ultimate resolution of these actions will not materially affect the accompanying financial statements of NH Housing.

13. Restricted Net Position

The components of restricted net position at June 30, 2024 are as follows:

Restricted for purpose of funding source	\$ 64,570
Restricted for purpose of bond issues:	
Single family bond programs	57,817
Multi-family bond programs	<u>29,398</u>
Total	<u>\$151,785</u>

14. Grants and Subsidies

NH Housing receives and distributes grants and subsidies in support of a variety of housing-related initiatives. Grants and subsidies revenue exceeds grants and subsidies expense by \$12,674 primarily due to \$17,483 net receipts over disbursements related to the timing of revenue and expenditures in a state supported multi-family subsidy program offset by a \$3,863 net expense of down payments assistance grants in the single family programs, the timing of revenue and expenditures in several smaller Federal and state supported programs, and expenditures in certain NH Housing funded initiatives without direct revenue offsets.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

15. **Employee Benefit Plans**

NH Housing has established, and can amend, the Defined Contribution Pension Plan for Employees of New Hampshire Housing Finance Authority in accordance with the provisions of Internal Revenue Code Section 401(a). All employees with over six months of service are covered by the plan, which is administered by Mutual of America and requires employer contributions equal to 5% or 10% of the salaries of covered employees and employer matching contributions to specified limits of employee contributions. Payroll of covered employees for the year ended June 30, 2024 totaled \$11,458 while total payroll for the year ended June 30, 2024 totaled \$12,451. NH Housing expensed and made contributions to the plan of \$830 for the year ended June 30, 2024, such amount representing 7.2% of covered payroll and including \$254 of matched contribution for the Voluntary Deferred Compensation Plan. The Voluntary Deferred Compensation Plan for Employees of New Hampshire Housing Finance Authority was established by NH Housing in accordance with the provisions of Internal Revenue Code Section 457. This plan, which is administered by Mutual of America, enables all employees to make tax-deferred contributions that are partially matched by NH Housing.

16. **Housing Management Fees**

NH Housing administers subsidized housing programs under HUD Section 811, Family Self Sufficiency and Section 8 mainstream voucher, moderate rehabilitation, moving to work, housing choice voucher, COVID-19 and special allocation programs and receives fees for these services. Total federal funds administered by NH Housing under these programs aggregated \$135,120 for the year ended June 30, 2024.

17. **Fair Value Measurements**

NH Housing generally holds investments until maturity to pay reserve fund bonds as they become due, so fluctuations in the fair value of the investments have a minimal long-term effect. NH Housing categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three level framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

United States government obligations and money market funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Assets and liabilities in Level 2 of the fair value hierarchy are valued using inputs, other than quoted prices in Level 1, that are observable, either directly or indirectly. In Level 3, inputs are unobservable for an asset or liability. Investment derivatives are classified in Level 3 and are valued using mark-to-market techniques based on third-party pricing.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2024

(In thousands of dollars)

17. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, NH Housing's money market funds, United States government obligations and investment derivative instruments at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$178,963	\$ –	\$ –	\$178,963
United States government obligations	362,975	–	–	362,975
Investment derivative instruments	–	–	(6)	(6)
Total	<u>\$541,938</u>	<u>\$ –</u>	<u>\$ (6)</u>	<u>\$541,932</u>

Certain investments not subject to the fair value measurement requirement at June 30, 2024 include:

Collateralized repurchase agreements	\$ 1,053
Guaranteed investment contracts	<u>29,705</u>
Total	<u>\$30,758</u>

18. Subsequent Events

- On July 2, 2024, NH Housing issued \$50,000 of Single Family Mortgage Acquisition Revenue Bonds, 2024 Series D. The bonds consist of convertible option bonds with a July 1, 2025 maturity date.
- On July 23, 2024, NH Housing issued \$75,000 of Single Family Mortgage Acquisition Revenue Bonds, 2024 Series C. The bonds will consist of serial and term bonds with varying maturities and interest rates.
- On September 24, 2024, NH Housing issued \$50,560 of Multi-Family Housing Revenue Bonds, 2024 Series 2. The bonds consist of serial and term bonds with varying maturities and interest rates. Bond proceeds will be used to fund mortgage loans to four multi-family housing projects and to fund the required mortgage reserve.

SUPPLEMENTAL COMBINING SCHEDULES

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION

June 30, 2024

(In thousands of dollars)

	<u>General Funds</u>	<u>Single Family Bond Programs</u>	<u>Multi-Family Bond Programs</u>	<u>Eliminations</u>	<u>Total</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 17,107	\$ 510	\$ –	\$ –	\$ 17,617
Cash held in escrow	37,634	–	–	–	37,634
Short-term investments	52,610	93,156	105,204	–	250,970
Accrued interest receivable on investments	247	910	609	–	1,766
Current portion of mortgage and construction loans receivable	20,817	6,624	39,790	–	67,231
Loans held for sale, at lower of cost or fair value	19,115	–	–	–	19,115
Accrued interest receivable on mortgage and construction loans and loans held for sale	306	975	1,601	–	2,882
Real estate owned, net	461	43	–	–	504
Other current assets	<u>8,206</u>	<u>3,573</u>	<u>–</u>	<u>(149)</u>	<u>11,630</u>
Total current assets	<u>156,503</u>	<u>105,791</u>	<u>147,204</u>	<u>(149)</u>	<u>409,349</u>
Long-term investments:					
Mortgage backed securities	239	290,660	–	–	290,899
Other long-term investments	<u>4,431</u>	<u>6,371</u>	<u>20,025</u>	<u>–</u>	<u>30,827</u>
Total long-term investments	<u>4,670</u>	<u>297,031</u>	<u>20,025</u>	<u>–</u>	<u>321,726</u>
Loans receivable:					
Mortgage loans	16,457	104,494	340,694	–	461,645
Construction loans	25,009	–	–	–	25,009
Less allowance for possible losses	<u>(217)</u>	<u>(680)</u>	<u>–</u>	<u>–</u>	<u>(897)</u>
Loans receivable, net	41,249	103,814	340,694	–	485,757
Less current portion of loans receivable	<u>(20,817)</u>	<u>(6,624)</u>	<u>(39,790)</u>	<u>–</u>	<u>(67,231)</u>
Long term portion of loans receivable	<u>20,432</u>	<u>97,190</u>	<u>300,904</u>	<u>–</u>	<u>418,526</u>
Other assets:					
Mortgage loan servicing rights, net	7,243	–	–	–	7,243
Property and equipment, net	3,823	–	–	–	3,823
Interfund receivables	19,135	875	7,218	(27,228)	–
Other	<u>1,500</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,500</u>
Total other assets	<u>31,701</u>	<u>875</u>	<u>7,218</u>	<u>(27,228)</u>	<u>12,566</u>
Total assets	<u>\$213,306</u>	<u>\$500,887</u>	<u>\$475,351</u>	<u>\$ (27,377)</u>	<u>\$1,162,167</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION (CONTINUED)

June 30, 2024

(In thousands of dollars)

	<u>General Funds</u>	<u>Single Family Bond Programs</u>	<u>Multi-Family Bond Programs</u>	<u>Eliminations</u>	<u>Total</u>
Liabilities					
Current liabilities:					
Current portion of bonds payable	\$ 1,000	\$ 10,620	\$ 32,350	\$ —	\$ 43,970
Accrued interest payable	7	8,723	7,105	—	15,835
Notes payable	46,229	—	—	—	46,229
Current portion of accrued and other liabilities	<u>37,543</u>	<u>66</u>	<u>83</u>	<u>(149)</u>	<u>37,543</u>
Total current liabilities	84,779	19,409	39,538	(149)	143,577
Long-term liabilities:					
Bonds payable, net of current portion	488	409,542	399,669	—	809,699
Accrued and other liabilities	2,449	—	—	—	2,449
Interfund payables	<u>16,067</u>	<u>4,415</u>	<u>6,746</u>	<u>(27,228)</u>	<u>—</u>
Total long-term liabilities	<u>19,004</u>	<u>413,957</u>	<u>406,415</u>	<u>(27,228)</u>	<u>812,148</u>
Total liabilities	<u>103,783</u>	<u>433,366</u>	<u>445,953</u>	<u>(27,377)</u>	<u>955,725</u>
Net Position					
Invested in capital assets, net of related debt	3,823	—	—	—	3,823
Restricted	64,570	57,817	29,398	—	151,785
Unrestricted	<u>41,130</u>	<u>9,704</u>	<u>—</u>	<u>—</u>	<u>50,834</u>
Total net position	<u>\$109,523</u>	<u>\$ 67,521</u>	<u>\$ 29,398</u>	<u>\$ —</u>	<u>\$ 206,442</u>

(Concluded)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2024

(In thousands of dollars)

	<u>General Funds</u>	<u>Single Family Bond Programs</u>	<u>Multi-Family Bond Programs</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenue:					
Interest and fees on mortgage and construction loans and loans held for sale	\$ 5,577	\$ 6,215	\$ 16,586	\$ (117)	\$ 28,261
Gain on sale of loans and mortgage-backed securities	1,773	-	-	-	1,773
Servicing revenue	7,939	-	-	(1,255)	6,684
Investment income, net	4,492	14,924	5,063	-	24,479
Housing management fees	16,793	-	-	(8,729)	8,064
Federal rental assistance programs	126,883	-	-	-	126,883
Grants and subsidies	97,827	-	-	-	97,827
Other	716	-	-	-	716
Total operating revenue	<u>262,000</u>	<u>21,139</u>	<u>21,649</u>	<u>(10,101)</u>	<u>294,687</u>
Operating expenses:					
Bond interest expense and debt financing costs	72	12,826	12,461	-	25,359
Administrative expenses	36,033	113	93	(8,729)	27,510
Loan origination expenses	804	3,622	-	-	4,426
Loan servicing expenses	3,067	411	846	(1,255)	3,069
Federal rental assistance programs	126,966	-	-	-	126,966
Grants and subsidies	81,262	4,008	-	(117)	85,153
Other	133	-	124	-	257
Total operating expenses	<u>248,337</u>	<u>20,980</u>	<u>13,524</u>	<u>(10,101)</u>	<u>272,740</u>
Change in net position	13,663	159	8,125	-	21,947
Net position, beginning of year	100,833	62,389	21,273	-	184,495
Interfund transfers, net	<u>(4,973)</u>	<u>4,973</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$109,523</u>	<u>\$67,521</u>	<u>\$29,398</u>	<u>\$-</u>	<u>\$206,442</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS

Year Ended June 30, 2024

(In thousands of dollars)

	<u>General Funds</u>	<u>Single Family Bond Programs</u>	<u>Multi-Family Bond Programs</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from operating activities:					
Loan repayments received	\$ 20,926	\$ 11,968	\$ 17,088	\$ —	\$ 49,982
Loan interest income and servicing revenue received	7,330	6,326	11,206	(1,372)	23,490
Proceeds from sale of loans and mortgage-backed securities	331,315	—	—	—	331,315
Federal rental assistance program receipts	126,883	—	—	—	126,883
Grants and subsidies receipts	97,827	—	—	—	97,827
Other receipts	57,460	6,376	1,092	(8,729)	56,199
Loan disbursements	(351,090)	—	(97,450)	—	(448,540)
Purchase of loan servicing rights	(2,031)	—	—	—	(2,031)
Payments to vendors	(23,631)	(113)	(217)	8,729	(15,232)
Payments to employees	(13,403)	—	—	—	(13,403)
Federal rental assistance program disbursements	(126,966)	—	—	—	(126,966)
Grants and subsidies disbursements	(81,262)	(4,008)	—	117	(85,153)
Other disbursements	(59,273)	(11,062)	(6,719)	1,255	(75,799)
Net cash provided by (used for) operating activities	<u>(15,915)</u>	<u>9,487</u>	<u>(75,000)</u>	<u>—</u>	<u>(81,428)</u>
Cash flows from noncapital financing activities:					
Proceeds from issuance of bonds	656	271,534	129,535	—	401,725
Principal repayment of bonds	—	(14,285)	(7,155)	—	(21,440)
Proceeds from notes payable	344,762	—	—	—	344,762
Repayment of notes payable	(329,287)	—	—	—	(329,287)
Interest paid	(65)	(7,304)	(9,961)	—	(17,330)
Net cash provided by noncapital financing activities	<u>16,066</u>	<u>249,945</u>	<u>112,419</u>	<u>—</u>	<u>378,430</u>
Cash flows from capital and related financing activities:					
Additions to property and equipment	(103)	—	—	—	(103)
Net cash used for capital and related financing activities	<u>(103)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(103)</u>
Cash flows from investing activities:					
Purchase of investment securities	(155,366)	(420,807)	(136,826)	—	(712,999)
Proceeds from sale and maturities of investment securities	153,892	149,633	96,329	—	399,854
Investment income received	2,425	11,892	3,078	—	17,395
Net cash provided by (used for) investing activities	<u>951</u>	<u>(259,282)</u>	<u>(37,419)</u>	<u>—</u>	<u>(295,750)</u>
Net increase in cash and cash equivalents	999	150	—	—	1,149
Cash and cash equivalents, beginning of year	<u>16,108</u>	<u>360</u>	<u>—</u>	<u>—</u>	<u>16,468</u>
Cash and cash equivalents, end of year	<u>\$ 17,107</u>	<u>\$ 510</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 17,617</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)

Year Ended June 30, 2024

(In thousands of dollars)

	<u>General Funds</u>	<u>Single Family Bond Programs</u>	<u>Multi-Family Bond Programs</u>	<u>Eliminations</u>	<u>Total</u>
Reconciliation of change in net position to net cash provided by (used for) operating activities:					
Change in net position	\$ 13,663	\$ 159	\$ 8,125	\$ —	\$ 21,947
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:					
Amortization of servicing rights	1,769	—	—	—	1,769
Mortgage loan servicing rights capitalized	(2,031)	—	—	—	(2,031)
Depreciation of property and equipment	430	—	—	—	430
Loan interest income converted to loan principal/Owner's equity	(6,218)	—	(4,982)	—	(11,200)
Investment income, net	(4,492)	(14,924)	(5,063)	—	(24,479)
Bond interest expense and debt financing costs	72	12,826	12,461	—	25,359
Changes in operating assets and liabilities:					
Loans receivable	(1,396)	12,015	(80,363)	—	(69,744)
Loans held for sale	944	—	—	—	944
Accrued interest – loans	(138)	64	(397)	—	(471)
Other assets	36,010	(2,172)	(5,871)	(149)	27,818
Accrued and other liabilities	(49,545)	(3,464)	1,090	149	(51,770)
Interfund transfers	<u>(4,983)</u>	<u>4,983</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net cash provided by (used for) operating activities	\$ <u>(15,915)</u>	\$ <u>9,487</u>	\$ <u>(75,000)</u>	\$ <u>—</u>	\$ <u>(81,428)</u>
Supplemental disclosures of noncash information:					
Real estate acquired through foreclosure	\$ <u>1,374</u>	\$ <u>143</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>1,517</u>

(Concluded)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION – SINGLE FAMILY BOND PROGRAMS

June 30, 2024

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>2022</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 110	\$ 400	\$ –	\$ 510
Short-term investments	38,306	3,568	51,282	93,156
Accrued interest receivable on investments	71	–	839	910
Current portion of mortgage loans receivable	6,154	470	–	6,624
Accrued interest receivable on mortgage loans	886	89	–	975
Real estate owned, net	74	(31)	–	43
Other current assets	<u>510</u>	<u>76</u>	<u>2,987</u>	<u>3,573</u>
Total current assets	<u>46,111</u>	<u>4,572</u>	<u>55,108</u>	<u>105,791</u>
Long-term investments:				
Mortgage backed securities	151	–	290,509	290,660
Other long-term investments	<u>6,371</u>	<u>–</u>	<u>–</u>	<u>6,371</u>
Total long-term investments	<u>6,522</u>	<u>–</u>	<u>290,509</u>	<u>297,031</u>
Loans receivable:				
Mortgage loans	93,622	10,872	–	104,494
Less allowance for possible losses	<u>(144)</u>	<u>(36)</u>	<u>(500)</u>	<u>(680)</u>
Loans receivable, net	93,478	10,836	(500)	103,814
Less current portion of loans receivable	<u>(6,154)</u>	<u>(470)</u>	<u>–</u>	<u>(6,624)</u>
Long term portion of loans receivable	<u>87,324</u>	<u>10,366</u>	<u>(500)</u>	<u>97,190</u>
Other assets:				
Interfund receivables	<u>840</u>	<u>–</u>	<u>35</u>	<u>875</u>
Total other assets	<u>840</u>	<u>–</u>	<u>35</u>	<u>875</u>
Total assets	<u>\$140,797</u>	<u>\$ 14,938</u>	<u>\$345,152</u>	<u>\$500,887</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION – SINGLE FAMILY BOND PROGRAMS (CONTINUED)

June 30, 2024

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>2022</u>	<u>Total</u>
Liabilities				
Current liabilities:				
Current portion of bonds payable	\$ 7,355	\$ 110	\$ 3,155	\$ 10,620
Accrued interest payable	1,228	229	7,266	8,723
Current portion of accrued and other liabilities	<u>59</u>	<u>7</u>	<u>–</u>	<u>66</u>
Total current liabilities	8,642	346	10,421	19,409
Long-term liabilities:				
Bonds payable, net of current portion	68,382	12,498	328,662	409,542
Interfund payables	<u>2,971</u>	<u>529</u>	<u>915</u>	<u>4,415</u>
Total long-term liabilities	<u>71,353</u>	<u>13,027</u>	<u>329,577</u>	<u>413,957</u>
Total liabilities	<u>79,995</u>	<u>13,373</u>	<u>339,998</u>	<u>433,366</u>
Net Position				
Restricted	51,498	1,165	5,154	57,817
Unrestricted	<u>9,304</u>	<u>400</u>	<u>–</u>	<u>9,704</u>
Total net position	<u>\$ 60,802</u>	<u>\$ 1,565</u>	<u>\$ 5,154</u>	<u>\$ 67,521</u>

(Concluded)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION –
SINGLE FAMILY BOND PROGRAMS

Year Ended June 30, 2024

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>2022</u>	<u>Total</u>
Operating revenue:				
Interest and fees on mortgage and construction loans	\$ 5,649	\$ 566	\$ –	\$ 6,215
Investment income, net	<u>1,096</u>	<u>150</u>	<u>13,678</u>	<u>14,924</u>
Total operating revenue	<u>6,745</u>	<u>716</u>	<u>13,678</u>	<u>21,139</u>
Operating expenses:				
Bond interest expense and debt financing costs	2,532	472	9,822	12,826
Administrative expenses	53	16	44	113
Loan origination expenses	–	–	3,622	3,622
Loan servicing expenses	369	42	–	411
Provision for loan losses	–	–	–	–
Grants and subsidies	<u>–</u>	<u>–</u>	<u>4,008</u>	<u>4,008</u>
Total operating expense	<u>2,954</u>	<u>530</u>	<u>17,496</u>	<u>20,980</u>
Change in net position	3,791	186	(3,818)	159
Net position, beginning of year	57,416	979	3,994	62,389
Interfund transfers, net	<u>(405)</u>	<u>400</u>	<u>4,978</u>	<u>4,973</u>
Net position, end of year	<u>\$ 60,802</u>	<u>\$ 1,565</u>	<u>\$ 5,154</u>	<u>\$ 67,521</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS – SINGLE FAMILY BOND PROGRAMS

Year Ended June 30, 2024

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>2022</u>	<u>Total</u>
Cash flows from operating activities:				
Loan repayments received	\$ 10,836	\$ 1,132	\$ –	\$ 11,968
Loan interest income received	5,753	573	–	6,326
Other receipts	210	410	5,756	6,376
Payments to vendors	(53)	(16)	(44)	(113)
Grants and subsidies disbursements	–	–	(4,008)	(4,008)
Other disbursements	<u>(5,015)</u>	<u>(71)</u>	<u>(5,976)</u>	<u>(11,062)</u>
Net cash provided by (used for) operating activities	<u>11,731</u>	<u>2,028</u>	<u>(4,272)</u>	<u>9,487</u>
Cash flows from noncapital financing activities:				
Proceeds from issuance of bonds	–	–	271,534	271,534
Principal repayment of bonds	(10,730)	(2,310)	(1,245)	(14,285)
Interest paid	<u>(2,729)</u>	<u>(520)</u>	<u>(4,055)</u>	<u>(7,304)</u>
Net cash provided by (used for) noncapital financing activities	<u>(13,459)</u>	<u>(2,830)</u>	<u>266,234</u>	<u>249,945</u>
Cash flows from investing activities:				
Purchase of investment securities	(14,989)	(2,447)	(403,371)	(420,807)
Proceeds from sale and maturities of investment securities	15,517	3,509	130,607	149,633
Investment income received	<u>957</u>	<u>133</u>	<u>10,802</u>	<u>11,892</u>
Net cash provided by (used for) investing activities	<u>1,485</u>	<u>1,195</u>	<u>(261,962)</u>	<u>(259,282)</u>
Net increase (decrease) in cash and cash equivalents	(243)	393	–	150
Cash and cash equivalents, beginning of year	<u>353</u>	<u>7</u>	<u>–</u>	<u>360</u>
Cash and cash equivalents, end of year	\$ <u>110</u>	\$ <u>400</u>	\$ <u>–</u>	\$ <u>510</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS – SINGLE FAMILY BOND PROGRAMS (CONTINUED)

Year Ended June 30, 2024

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>2022</u>	<u>Total</u>
Reconciliation of change in net position to net cash provided by operating activities:				
Change in net position	\$ 3,791	\$ 186	\$ (3,818)	\$ 159
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:				
Investment income (loss), net	(1,096)	(150)	(13,678)	(14,924)
Bond interest expense and debt financing costs	2,532	472	9,822	12,826
Changes in operating assets and liabilities:				
Loans receivable	10,883	1,132	–	12,015
Accrued interest – loans	57	7	–	64
Other assets	205	(29)	(2,348)	(2,172)
Accrued and other liabilities	(4,641)	410	767	(3,464)
Interfund transfers	<u>–</u>	<u>–</u>	<u>4,983</u>	<u>4,983</u>
Net cash provided by (used for) operating activities	<u>\$ 11,731</u>	<u>\$ 2,028</u>	<u>\$ (4,272)</u>	<u>\$ 9,487</u>
Supplemental disclosures of noncash information:				
Real estate acquired through foreclosure	<u>\$ 143</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 143</u>

(Concluded)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION – MULTI-FAMILY BOND PROGRAMS

June 30, 2024

(In thousands of dollars)

	<u>2008-2013</u>	<u>2017-2024</u>	<u>Total</u>
Assets			
Current assets:			
Short-term investments	\$1,521	\$ 103,683	\$ 105,204
Accrued interest receivable on investments	2	607	609
Current portion of mortgage loans receivable	98	39,692	39,790
Accrued interest receivable on mortgage loans	<u>38</u>	<u>1,563</u>	<u>1,601</u>
Total current assets	<u>1,659</u>	<u>145,545</u>	<u>147,204</u>
Long-term investments:			
Other long-term investments	<u>–</u>	<u>20,025</u>	<u>20,025</u>
Total long-term investments	<u>–</u>	<u>20,025</u>	<u>20,025</u>
Loans receivable:			
Mortgage loans	6,751	333,943	340,694
Less current portion of loans receivable	<u>(98)</u>	<u>(39,692)</u>	<u>(39,790)</u>
Long term portion of loans receivable	<u>6,653</u>	<u>294,251</u>	<u>300,904</u>
Other assets:			
Interfund receivables	<u>45</u>	<u>7,173</u>	<u>7,218</u>
Total other assets	<u>45</u>	<u>7,173</u>	<u>7,218</u>
 Total assets	 <u>8,357</u>	 <u>466,994</u>	 <u>475,351</u>
Liabilities			
Current liabilities:			
Current portion of bonds payable	125	32,225	32,350
Accrued interest payable	171	6,934	7,105
Current portion of accrued and other liabilities	<u>–</u>	<u>83</u>	<u>83</u>
Total current liabilities	<u>296</u>	<u>39,242</u>	<u>39,538</u>
Long-term liabilities:			
Bonds payable, net of current portion	6,687	392,982	399,669
Interfund payables	<u>311</u>	<u>6,435</u>	<u>6,746</u>
Total long-term liabilities	<u>6,998</u>	<u>399,417</u>	<u>406,415</u>
 Total liabilities	 <u>7,294</u>	 <u>438,659</u>	 <u>445,953</u>
 Net Position			
 Total net position – restricted	 <u>\$1,063</u>	 <u>\$ 28,335</u>	 <u>\$ 29,398</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION –
MULTI-FAMILY BOND PROGRAMS

Year Ended June 30, 2024

(In thousands of dollars)

	<u>2008-2013</u>	<u>2017-2024</u>	<u>Total</u>
Operating revenue:			
Interest and fees on mortgage loans	\$ 454	\$ 16,132	\$ 16,586
Investment income, net	<u>57</u>	<u>5,006</u>	<u>5,063</u>
Total operating revenue	<u>511</u>	<u>21,138</u>	<u>21,649</u>
Operating expenses:			
Bond interest expense and debt financing costs	345	12,116	12,461
Administrative expenses	11	82	93
Loan servicing expenses	–	846	846
Other	<u>16</u>	<u>108</u>	<u>124</u>
Total operating expenses	<u>372</u>	<u>13,152</u>	<u>13,524</u>
Change in net position	139	7,986	8,125
Net position, beginning of year	<u>924</u>	<u>20,349</u>	<u>21,273</u>
Net position, end of year	<u>\$ 1,063</u>	<u>\$ 28,335</u>	<u>\$ 29,398</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS – MULTI-FAMILY BOND PROGRAMS

Year Ended June 30, 2024

(In thousands of dollars)

	<u>2008-2013</u>	<u>2017-2024</u>	<u>Total</u>
Cash flows from operating activities:			
Loan repayments received	\$ 92	\$ 16,996	\$ 17,088
Loan interest income received	453	10,753	11,206
Other receipts	23	1,069	1,092
Loan disbursements	–	(97,450)	(97,450)
Payments to vendors	(27)	(190)	(217)
Other disbursements	<u>(3)</u>	<u>(6,716)</u>	<u>(6,719)</u>
Net cash provided by (used for) operating activities	<u>538</u>	<u>(75,538)</u>	<u>(75,000)</u>
Cash flows from noncapital financing activities:			
Proceeds from issuance of bonds	–	129,535	129,535
Principal repayment of bonds	(120)	(7,035)	(7,155)
Interest paid	<u>(346)</u>	<u>(9,615)</u>	<u>(9,961)</u>
Net cash provided by (used for) noncapital financing activities	<u>(466)</u>	<u>112,885</u>	<u>112,419</u>
Cash flows from investing activities:			
Purchase of investment securities	(600)	(136,226)	(136,826)
Proceeds from sale and maturities of investment securities	471	95,858	96,329
Investment income received	<u>57</u>	<u>3,021</u>	<u>3,078</u>
Net cash used for investing activities	<u>(72)</u>	<u>(37,347)</u>	<u>(37,419)</u>
Net change in cash and cash equivalents	–	–	–
Cash and cash equivalents, beginning of year	<u>–</u>	<u>–</u>	<u>–</u>
Cash and cash equivalents, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS – MULTI-FAMILY BOND PROGRAMS (CONTINUED)

Year Ended June 30, 2024

(In thousands of dollars)

	<u>2008-2013</u>	<u>2017-2024</u>	<u>Total</u>
Reconciliation of change in net position to net cash provided by (used for) operating activities:			
Change in net position	\$ 139	\$ 7,986	\$ 8,125
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:			
Loan interest income converted to loan principal	–	(4,982)	(4,982)
Investment income, net	(57)	(5,006)	(5,063)
Bond interest expense and debt financing costs	345	12,116	12,461
Changes in operating assets and liabilities:			
Loans receivable	91	(80,454)	(80,363)
Accrued interest – loans	–	(397)	(397)
Other assets	(1)	(5,870)	(5,871)
Accrued and other liabilities	<u>21</u>	<u>1,069</u>	<u>1,090</u>
Net cash provided by (used for) operating activities	<u>\$ 538</u>	<u>\$ (75,538)</u>	<u>\$ (75,000)</u>

(Concluded)