RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION (A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

Financial Statements and Supplementary Information For the Years Ended June 30, 2017 and 2016

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

Financial Statements and Supplementary Information
Years Ended June 30, 2017 and 2016

CITRINCOOPERMAN®
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Rhode Island Housing and Mortgage Finance Corporation
Providence, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing"), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Rhode Island Housing's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of Rhode Island Housing as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

2016 Financial Statements

Rhode Island Housing's basic financial statements as of and for the year ended June 30, 2016, were audited by other auditors whose report dated September 29, 2016, expressed unmodified opinions on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis presented on pages 4 through 9 and the Schedule of Funding Progress presented on page 55 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the 2017 financial statements that collectively comprise Rhode Island Housing's basic financial statements. The 2017 combining information on pages 56 through 65 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The 2016 supplementary information on pages 56 through 65 was subjected to the auditing procedures applied in the 2016 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2016 basic financial statements as a whole.

CITRINCOOPERMAN®
Accountants and Advisors

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017, on our consideration of Rhode Island Housing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rhode Island Housing's internal control over financial reporting and compliance.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Providence, Rhode Island
October 10, 2017

Management's Discussion and Analysis

The accompanying basic financial statements include Rhode Island Housing and Mortgage Finance Corporation (the Corporation) and Affordable Housing Trust Fund (the Trust, a component unit of the Corporation), collectively referred to as Rhode Island Housing.

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of June 30, 2017 and 2016, and for the years then ended. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The financial highlights (in millions) of the Corporation as of and for the years ended June 30, 2017 and 2016, increased (decreased) from the previous year as follows:

	2017		2016	
	$	%	$	%
Mortgage loans, gross	35.0	2.2	(10.2)	(0.6)
Investments	(38.8)	(17.7)	(14.5)	(6.2)
Cash and cash equivalents	68.2	36.3	12.2	6.9
Total assets	60.5	3.0	(19.4)	(1.0)
Bonds and notes payable	10.0	0.8	(26.9)	(2.0)
Total net position	12.8	4.2	7.0	2.4
Total revenues	(3.3)	(2.8)	10.5	9.8
Total expenses	(9.1)	(8.2)	5.4	5.2
Operating income	5.7	81.8	5.1	255.9

Mortgage loans comprise the largest segment of the Corporation's asset base. Single-family new loan production increased over last year; however, the Corporation is selling its loans to Fannie Mae and converting pools of loans into securities, which are then sold in the To-Be-Announced (TBA) market, resulting in a net reduction of single-family loans of $36.6 million. Multi-family new loan production increased by $9.5 million and Operating Fund loans increased by $62.0 million due mainly to an increase in multi-family loans in the operating fund.

Bonds and notes payable, the largest component of liabilities, increased by $10.0 million in 2017. This increase is related to issuance of new bonds to finance both single-family and multi-family mortgages, net with current year maturities and pay-offs of bonds with mortgage prepayments.

Overview of the Financial Statements

The Corporation engages only in business-type activities; that is, activities that are financed in whole or in part by charges to external parties for services, with funding sources that are primarily external to the Corporation. As a result, the Corporation's basic financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows, and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the Corporation's assets, liabilities, deferred inflows and outflows of resources, and net position. Over time, increases or decreases in the Corporation's net position may serve as an indicator of whether the financial position of the Corporation is improving or deteriorating. Other factors, both internal and external to the Corporation, should be considered when evaluating the Corporation's financial position. The statement of revenues, expenses and changes in net position presents information on how the Corporation's net position changed during the year.

All assets, liabilities, deferred inflows and outflows of resources, and changes in net position are reported using the accrual basis of accounting for governmental entities and are reported as soon as the underlying event giving rise to the asset or liability and resulting change in net position occurs, regardless of the timing of when a corresponding amount of cash is received or paid. Consequently, certain revenues and expenses reported in the statement of revenues, expenses and changes in net position will result in cash flows in future periods.

The Affordable Housing Trust Fund (the "Trust") is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and not-for-profit organizations. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

Operating Activity of the Corporation

The following tables summarize the components of operating income, before the adjustment required to record investments at fair value as required by Governmental Accounting Standards Board (GASB) Statement No. 31:

For the Years Ended June 30, 2017 and 2016 (in thousands)

	2017	2016	% Change
Revenues:			
Interest income on loans	$ 69,861	$ 69,276	0.8
Earnings on investments	5,749	6,109	(5.9)
Gain on sale of loans	11,367	12,206	(6.9)
Grant revenue	17,438	18,622	(6.4)
Other	12,983	11,767	10.3
Total revenues	117,398	117,980	(0.5)
Expenses:			
Interest expense	40,756	43,993	(7.4)
Provision for loan losses	368	8,584	(95.7)
REO expenditures	2,741	2,129	28.8
Bond issuance costs	1,634	1,528	6.9
Operating expenses	28,655	24,123	18.8
Grant expense	16,511	18,220	(9.4)
Other expenses	10,821	11,962	(9.5)
Total expenses	101,486	110,539	(8.2)
Operating income, before adjusting investments to fair value	$ 15,912	$ 7,441	113.8 %

For the Years Ended June 30, 2016 and 2015 (in thousands)			
	2016	2015	% Change
Revenues:			
Interest income on loans	$ 69,276	$ 71,503	(3.1)
Earnings on investments	6,109	7,493	(18.5)
Gain on sale of loans	12,206	7,442	64.0
Grant revenue	18,622	12,838	45.1
Other	11,767	10,625	10.7
Total revenues	117,980	109,901	7.4
Expenses:			
Interest expense	43,993	47,639	(7.7)
Provision for loan losses	8,584	11,126	(22.8)
REO expenditures	2,129	4,070	(47.7)
Bond issuance costs	1,528	866	76.6
Operating expenses	24,123	21,484	12.3
Grant expense	18,220	12,079	50.8
Other	11,962	7,828	52.8
Total expenses	110,539	105,092	5.2
Operating income, before adjusting investments to fair value	$ 7,441	$ 4,809	54.8 %

Operating income, after adjusting investments to fair value, was $12.8 million for the year ended June 30, 2017 (2017), $7.0 million for the year ended June 30, 2016 (2016) and $2.0 million for the year ended June 30, 2015 (2015). GASB Statement No. 31, which requires investments to be recorded at fair value, caused a decrease in operating income of $3.1 million in 2017 compared to a decrease in operating income of $0.4 million in 2016, and a decrease of $2.8 million in 2015. Operating income, excluding the unrealized gains and losses on investments, increased 113.8% in 2017 to $15.9 million from $7.4 million in 2016 which had increased from $4.8 million in 2015. The 2017 increase is primarily due to a decrease in provisions for loan losses and a decrease in interest expense.

Gain on sale of loans was $11.4 million for the year ended June 30, 2017, $12.2 million for the year ended June 30, 2016 and $7.4 million for the year ended June 30, 2015. The 2017 decrease is a result of changes in market conditions.

Other revenue, which has been relatively consistent from year to year, consists of loan-related fees such as origination and late fees, and fees received for the management and disbursement of funds for federal housing programs.

Operating expenses associated with the operation of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) amounted to $28.7 million for the year ended June 30, 2017, an increase of 18.8% from $24.1 million for the year ended June 30, 2016, which had increased 12.3% from $21.5 million in 2015.

Real Estate Owned (REO) expenditures are preservation costs incurred related to REO properties that are deemed to be non-recoverable based on a valuation analysis of the underlying properties. REO expenses increased 28.8% to $2.7 million for the year ended June 30, 2017, from $2.1 million in 2016, which had decreased 47.7% from $4.1 million in 2015. The increase in 2017 is due primarily to a slight increase in the amount of time properties are held prior to sale.

Net interest income (interest on loans and investments less interest expense) is the largest component of the Corporation's operating income. Net interest income increased to $34.9 million from $31.4 million in 2016. Net interest income remained consistent at $31.4 million between 2016 and 2015. Earnings on investments decreased $0.4 million in 2017 after a decrease of $1.4 million in 2016. Net interest income as a percentage of average bonds and notes payable was 2.62% in 2017 and 2.34% in 2016, respectively. Interest income on loans as a percentage of total loans remained flat at 4.34%, while interest expense on bonds and notes decreased to 3.06% from 3.28% in 2016. This caused a total increase in the spread margin (i.e., differential between loans and bonds) to 1.28% in 2017 from 1.00% in 2016. This is the result of various bond refundings and continued lower rates on new loans.

The Corporation's revenue recognition policy requires that upon occurrence of any loan's delinquency of ninety days versus its contractual requirement for payment, the accrual of interest income for that loan is ceased and any previous accrued interest income is reversed. The Corporation will commence accruing interest income on such loans once the loans are made current.

The provision for loan losses decreased to $0.4 million in 2017 from $8.6 million in 2016 based on a review of the Corporation's loan portfolio and an analysis of its current characteristics. The primary economic factors incorporated into the allowance estimates are: (1) recent performance characteristics of the single-family portfolio and (2) net operating cash flows of the developments associated with multi-family loans.

For single-family loans, an estimate of loss reserve is based on the last instance of economic softness and real estate depreciation. For the multi-family portfolios, a specific loan loss reserve analysis is performed for every loan demonstrating signs of financial strain. Cash flow projections are developed from the most recent audited financials for each of the sites which may be experiencing difficulty and which have a mortgage loan. For each of these sites, an analysis of value is calculated and compared to the loan balance. This methodology is the same as that used in the formulation of the income approach found in standard real estate appraisals. Beyond the specific reserves derived above, a general reserve is also established. The general reserve is based on a range of reserve percentages applicable to each loan portfolio.

Financial Analysis of the Corporation

The following tables summarize certain financial information regarding the Corporation's financial position:

June 30, 2017 and 2016 (in millions)	2017	2016	% Change
Loans receivable, net	$ 1,592	$ 1,554	2.4%
Investments	180	219	(17.7)
Cash and cash equivalents	256	188	36.3
Other assets	35	42	(15.2)
Total assets	2,063	2,003	3.0
Deferred outflows of resources	3	3	0.0
Bonds and notes payable	1,337	1,327	0.8
Other liabilities	416	379	9.9
Total liabilities	1,753	1,706	2.8
Net position:			
Net investment in capital assets	9	9	6.9
Restricted	204	212	(3.8)
Unrestricted	100	80	25.4

June 30, 2016 and 2015 (in millions)	2016	2015	% Change
Loans receivable, net	$ 1,554	$ 1,569	(0.9)%
Investments	219	234	(6.2)
Cash and cash equivalents	188	176	6.9
Other assets	42	44	(6.4)
Total assets	2,003	2,023	(1.0)
Deferred outflows of resources	3	1	200.0
Bonds and notes payable	1,327	1,353	(2.0)
Other liabilities	379	377	0.6
Total liabilities	1,706	1,730	(1.4)
Net position:			
Net investment in capital assets	9	8	6.3
Restricted	212	196	8.1
Unrestricted	80	90	(10.6)

During the year ended June 30, 2017, total assets of the Corporation increased 3.0% from 2016, as compared to a 1.0% decrease in 2016 from 2015. Net loans receivable increased $38.0 million, or 2.4%, from the previous year. This increase in loans is attributable to an increase in multi-family loans in the operating fund net of a decrease in single-family loans attributable to the change in funding model for single-family loans implemented in fiscal year 2014 whereby the majority of new loans are sold. Bonds and notes payable totaled $1.3 billion as of June 30, 2017, an increase of $10.0 million, or 0.8%, from June 30, 2016, which had decreased $27.0 million or 2.0% from June 30, 2015.

During 2017, the Corporation issued $193.1 million to refund existing single-family bonds as well as to finance new loan production, and $39.3 million to refund existing multi-family bonds as well as to finance new loan production. In addition, $227.2 million of single-family bonds and $44.5 million of multi-family bonds were redeemed prior to maturity under provisions in the bond resolutions that allow mortgage prepayments, excess revenues and refunded amounts to be used for such purpose.

As of June 30, 2017 and June 30, 2016, the net position-to-asset ratio was 15.2% and 15.0% while the loan-to-asset ratio was 77.1% and 77.6%, respectively. These ratios reflect the application of GASB Statement No. 31.

The Corporation's loan portfolio is primarily composed of single-family mortgage loans. As of June 30, 2017 and 2016, single-family residential mortgages in bond resolutions totaled $679.0 million and $716.0 million, respectively, and multi-family loans in bond resolutions totaled $480.1 million and $471.0 million, respectively.

The Corporation invests funds according to an investment policy, the primary goal of which is the preservation of capital and the minimization of risk. Other investment policy objectives include liquidity and maximization of yield. Under its current investment policy, the Corporation invests substantially all funds in United States Government and Agency securities or in guaranteed investment contracts with providers.

The Operating Fund is used to record the receipt of income not directly pledged to the repayment of specific bonds and notes, as well as to record expenses related to the Corporation's administrative functions and the provision for loan losses. The Operating Fund also is used for the purpose of recording funds to be utilized in the administration of various housing programs that are not covered by the Corporation's bond resolutions.

External Influences

The Rhode Island economy and the level of unemployment in the State of Rhode Island has a direct impact on the Corporation's delinquency experience within its portfolio. The Rhode Island unemployment rate decreased in 2017 to 4.2% from 5.5% in 2016. The Corporation has, however, experienced an increase in its 90+ delinquency rate to 2.12% in 2017 from 1.80% in 2016, as many of its borrowers are still underemployed.

Requests for Information

This management's discussion and analysis is designed to provide a general overview of the Corporation's finances. Questions concerning this report may be addressed to the Director of Finance, Rhode Island Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, Rhode Island, 02903. The Corporation maintains a website at: www.rhodeislandhousing.org.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
June 30, 2017 and 2016

	Operating Fund		Single-Family Fund	
	2017	**2016**	**2017**	**2016**
Assets				
Loans receivable	$ 427,090,669	$ 371,383,923	$ 679,395,792	$ 715,972,529
Less allowance for loan losses	(25,500,000)	(27,000,000)	(10,000,000)	(11,000,000)
Loans receivable, net	401,590,669	344,383,923	669,395,792	704,972,529
Loans held for sale	40,937,300	34,582,134	-	-
Investments	96,825,602	97,475,827	78,245,757	97,734,139
Accrued interest-loans	936,580	482,839	2,296,920	2,511,414
Accrued interest-investments	22,135	20,004	289,741	343,561
Cash and cash equivalents	119,693,540	65,766,246	81,063,424	63,693,596
Accounts receivable, net	11,264,701	13,339,567	-	-
Other assets, net	14,878,890	12,374,705	3,487,352	10,531,558
Interfund receivable (payable)	(18,597)	2,706,637	18,597	(106,637)
Total assets	**686,130,820**	**571,131,882**	**834,797,583**	**879,680,160**
Deferred Outflows of Resources				
Loan origination costs	-	-	4,757	5,014
Hedging instruments	2,719,223	2,896,945	-	-
Total deferred outflows of resources	**2,719,223**	**2,896,945**	**4,757**	**5,014**
Combined Assets and Deferred Outflows of Resources	**$ 688,850,043**	**$ 574,028,827**	**$ 834,802,340**	**$ 879,685,174**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 171,542,249	$ 114,716,568	$ 692,389,728	$ 741,966,916
Accrued interest payable on bonds and notes	209,327	204,319	5,609,896	6,335,039
Accounts payable and accrued liabilities	8,570,834	7,406,435	-	-
Fees, net	1,308,290	1,272,617	166,467	188,415
Escrow deposits	393,742,657	356,195,147	-	-
Total liabilities	**575,373,357**	**479,795,086**	**698,166,091**	**748,490,370**
Net Position				
Net investment in capital assets	9,298,304	8,701,438	-	-
Restricted by bond resolutions	4,100,324	5,710,537	136,636,249	131,194,804
Unrestricted	100,078,058	79,821,766	-	-
Total net position	**113,476,686**	**94,233,741**	**136,636,249**	**131,194,804**
Total Liabilities and Net Position	**$ 688,850,043**	**$ 574,028,827**	**$ 834,802,340**	**$ 879,685,174**

See Accompanying Notes to Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
June 30, 2017 and 2016

	Multi-Family Fund		Total	
	2017	2016	2017	2016
Assets				
Loans receivable	$ 480,068,176	$ 470,552,069	$ 1,586,554,637	$ 1,557,908,521
Less allowance for loan losses	-	-	(35,500,000)	(38,000,000)
Loans receivable, net	480,068,176	470,552,069	1,551,054,637	1,519,908,521
Loans held for sale	-	-	40,937,300	34,582,134
Investments	5,267,085	23,938,473	180,338,444	219,148,439
Accrued interest-loans	2,154,134	2,100,042	5,387,634	5,094,295
Accrued interest-investments	99,018	79,852	410,894	443,417
Cash and cash equivalents	55,439,122	58,526,796	256,196,086	187,986,638
Accounts receivable, net	-	-	11,264,701	13,339,567
Other assets, net	-	-	18,366,242	22,906,263
Interfund receivable (payable)	-	(2,600,000)	-	-
Total assets	**543,027,535**	**552,597,232**	**2,063,955,938**	**2,003,409,274**
Deferred Outflows of Resources				
Loan origination costs	-	-	4,757	5,014
Hedging instruments	-	-	2,719,223	2,896,945
Total deferred outflows of resources	-	-	2,723,980	**2,901,959**
Combined Assets and Deferred Outflows of Resources	**$ 543,027,535**	**$ 552,597,232**	**$ 2,066,679,918**	**$ 2,006,311,233**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 472,606,180	$ 469,878,570	$ 1,336,538,157	$ 1,326,562,054
Accrued interest payable on bonds and notes	2,891,049	3,307,315	8,710,272	9,846,673
Accounts payable and accrued liabilities	167,102	516,028	8,737,936	7,922,463
Fees, net	-	-	1,474,757	1,461,032
Escrow deposits	4,104,838	3,722,587	397,847,495	359,917,734
Total liabilities	**479,769,169**	**477,424,500**	**1,753,308,617**	**1,705,709,956**
Net Position				
Net investment in capital assets	-	-	9,298,304	8,701,438
Restricted by bond resolutions	63,258,366	75,172,732	203,994,939	212,078,073
Unrestricted	-	-	100,078,058	79,821,766
Total net position	**63,258,366**	**75,172,732**	**313,371,301**	**300,601,277**
Total Liabilities and Net Position	**$ 543,027,535**	**$ 552,597,232**	**$ 2,066,679,918**	**$ 2,006,311,233**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	Operating Fund		Single-Family Fund	
	2017	2016	2017	2016
Operating revenues:				
Interest Income on loans	$ 9,149,553	$ 6,724,791	$ 31,165,809	$ 33,597,236
Interest income attributable to internal servicing activities	3,885,299	3,301,724	-	-
Total interest income on loans	13,034,852	10,026,515	31,165,809	33,597,236
Income on investments:				
Earnings on investments	286,000	375,140	3,811,870	4,233,095
Net decrease in fair value of investments	(154,564)	(9,872)	(2,674,738)	(354,118)
Fees	11,634,786	11,132,620	-	-
Servicing fee income	1,258,039	613,081	-	-
Grant revenue	17,438,248	18,622,423	-	-
Miscellaneous income	90,567	21,367	-	-
Gain on sale of loans	11,366,570	12,206,262	-	-
Total operating revenues	**54,954,498**	**52,987,536**	**32,302,941**	**37,476,213**
Operating expenses:				
Interest expense	3,575,566	2,045,622	22,906,488	28,363,548
Personnel services	19,197,144	17,499,051	-	-
Other administrative expenses	7,821,291	5,126,784	-	-
Housing initiatives	3,597,841	5,558,056	-	939
Provision for loan losses	305,379	2,383,914	62,706	6,200,000
REO expenditures	1,956,627	1,056,860	784,606	1,071,698
Bad debt expense	50,597	599,044	-	-
Arbitrage rebate	(53,303)	-	-	(181,723)
Bond issuance costs	102,030	-	1,300,895	1,236,681
Depreciation and amortization of other assets	1,569,898	1,416,988	7,344	9,514
Loan costs	6,378,210	4,763,923	257	257
State Rental Subsidy Program	382,256	606,237	-	-
Grant expense	16,510,896	18,219,709	-	-
Total operating expenses	**61,394,432**	**59,276,188**	**25,062,296**	**36,700,914**
Operating income (loss)	**(6,439,934)**	**(6,288,652)**	**7,240,645**	**775,299**
Transfers in (out)	25,682,879	(1,654,105)	(1,799,200)	1,438,995
Total change in net position	**19,242,945**	**(7,942,757)**	**5,441,445**	**2,214,294**
Net position, beginning of year	94,233,741	102,176,498	131,194,804	128,980,510
Net position, end of year	$ 113,476,686	$ 94,233,741	$ 136,636,249	$ 131,194,804

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	Multi-Family Fund		Total	
	2017	**2016**	**2017**	**2016**
Operating revenues:				
Interest Income on loans	$ 25,659,965	$ 25,652,560	$ 65,975,327	$ 65,974,587
Interest income attributable to internal servicing activities	-	-	3,885,299	3,301,724
Total interest income on loans	25,659,965	25,652,560	69,860,626	69,276,311
Income on investments:				
Earnings on investments	1,650,844	1,500,692	5,748,714	6,108,927
Net decrease in fair value of investments	(312,435)	(53,336)	(3,141,737)	(417,326)
Fees	-	-	11,634,786	11,132,620
Servicing fee income	-	-	1,258,039	613,081
Grant revenue	-	-	17,438,248	18,622,423
Miscellaneous income	-	-	90,567	21,367
Gain on sale of loans	-	-	11,366,570	12,206,262
Total operating revenues	**26,998,374**	**27,099,916**	**114,255,813**	**117,563,665**
Operating expenses:				
Interest expense	14,273,869	13,583,927	40,755,923	43,993,097
Personnel services	-	-	19,197,144	17,499,051
Other administrative expenses	59,795	70,455	7,881,086	5,197,239
Housing initiatives	-	-	3,597,841	5,558,995
Provision for loan losses	-	-	368,085	8,583,914
REO expenditures	-	-	2,741,233	2,128,558
Bad debt expense	-	-	50,597	599,044
Arbitrage rebate	(348,926)	(217,924)	(402,229)	(399,647)
Bond issuance costs	231,000	291,780	1,633,925	1,528,461
Depreciation and amortization of other assets	-	-	1,577,242	1,426,502
Loan costs	813,323	833,483	7,191,790	5,597,663
State Rental Subsidy Program	-	-	382,256	606,237
Grant expense	-	-	16,510,896	18,219,709
Total operating expenses	**15,029,061**	**14,561,721**	**101,485,789**	**110,538,823**
Operating income (loss)	**11,969,313**	**12,538,195**	**12,770,024**	**7,024,842**
Transfers in (out)	(23,883,679)	215,110	-	-
Total change in net position	**(11,914,366)**	**12,753,305**	**12,770,024**	**7,024,842**
Net position, beginning of year	75,172,732	62,419,427	300,601,277	293,576,435
Net position, end of year	$ 63,258,366	$ 75,172,732	$ 313,371,301	$ 300,601,277

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	Operating Fund		Single-Family Fund	
	2017	**2016**	**2017**	**2016**
Cash Flows from Operating Activities				
Interest on loans receivable	$ 12,581,111	$ 9,992,855	$ 31,380,303	$ 33,825,282
Repayment of loans receivable	311,316,305	64,322,997	86,366,232	79,822,706
Fees collected	12,928,497	11,593,561	(21,948)	(20,709)
Other receipts (disbursements), net	38,565,429	11,028,392	-	-
Loans disbursed	(373,378,216)	(90,338,223)	(49,789,494)	(26,801,284)
Accounts receivable, net	2,074,866	60,379	-	-
Loss on accounts receivable	(50,597)	(599,044)	-	-
Loss on loans receivable	(1,805,379)	3,116,086	(1,062,706)	(7,700,000)
Loss on REO properties	(1,956,627)	(1,056,860)	(784,606)	(1,071,698)
Bond issuance costs	(102,030)	-	(1,300,895)	(1,236,681)
Personnel services	(19,197,144)	(17,499,051)	-	-
Other administrative expenses	(7,932,478)	(5,354,694)	-	-
Housing initiative expenses	(3,486,654)	(5,330,146)	-	(939)
Other assets	(4,074,083)	(3,709,942)	7,036,863	4,806,410
Arbitrage rebate	53,303	-	-	181,723
Accounts payable and accrued liabilities	1,164,398	(345,896)	-	(181,723)
Gain on sale of loans	5,166,083	5,783,129	-	-
State Rental Subsidy Program	(382,256)	(606,237)	-	-
Transfers from (to) other programs	28,408,113	(183,637)	(1,924,434)	1,668,527
Net cash provided by (used for) operating activities	**(107,359)**	**(19,126,331)**	**69,899,315**	**83,291,614**
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	369,416,000	346,620,000	196,005,878	134,008,014
Payment of bond and note principal	(312,590,319)	(316,175,552)	(245,583,067)	(213,545,734)
Interest paid on bonds and notes	(3,570,557)	(1,966,212)	(23,631,633)	(29,427,943)
Net cash provided by (used for) noncapital financing activities	**53,255,124**	**28,478,236**	**(73,208,822)**	**(108,965,663)**
Cash Flows from Investing Activities:				
Redemption of investments	185,210,346	157,714,056	16,813,644	15,634,360
Earnings on investments	283,869	375,385	3,865,691	4,287,304
Purchase of investments	(184,714,686)	(157,213,849)	-	(2,090,996)
Net cash provided by (used for) investing activities	**779,529**	**875,592**	**20,679,335**	**17,830,668**
Net Increase (Decrease) in Cash and Cash Equivalents	**53,927,294**	**10,227,497**	**17,369,828**	**(7,843,381)**
Cash and Cash Equivalents, beginning of year	65,766,246	55,538,749	63,693,596	71,536,977
Cash and Cash Equivalents, end of year	$ 119,693,540	$ 65,766,246	$ 81,063,424	$ 63,693,596

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	Multi-Family Fund		Total	
	2017	2016	2017	2016
Cash Flows from Operating Activities				
Interest on loans receivable	$ 25,605,873	$ 25,661,913	$ 69,567,287	$ 69,480,050
Repayment of loans receivable	26,029,200	14,884,992	423,711,737	159,030,695
Fees collected	-	-	12,906,549	11,572,852
Other receipts (disbursements), net	382,250	(6,667,613)	38,947,679	4,360,779
Loans disbursed	(35,545,308)	(31,677,899)	(458,713,018)	(148,817,406)
Accounts receivable, net	-	39,277	2,074,866	99,656
Loss on accounts receivable	-	-	(50,597)	(599,044)
Loss on loans receivable	-	-	(2,868,085)	(4,583,914)
Loss on REO properties	-	-	(2,741,233)	(2,128,558)
Bond issuance costs	(231,000)	(291,780)	(1,633,925)	(1,528,461)
Personnel services	-	-	(19,197,144)	(17,499,051)
Other administrative expenses	(59,795)	(70,455)	(7,992,273)	(5,425,149)
Housing initiative expenses	-	-	(3,486,654)	(5,331,085)
Other assets	-	-	2,962,780	1,096,468
Arbitrage rebate	348,926	217,924	402,229	399,647
Accounts payable and accrued liabilities	(348,926)	(327,548)	815,472	(855,167)
Gain on sale of loans	(813,323)	(833,483)	4,352,760	4,949,646
State Rental Subsidy Program	-	-	(382,256)	(606,237)
Transfers from (to) other programs	(26,483,679)	(1,484,890)	-	-
Net cash provided by (used for) operating activities	**(11,115,782)**	**(549,562)**	**58,676,174**	**63,615,721**
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	59,630,766	62,456,119	625,052,644	543,084,133
Payment of bond and note principal	(56,903,155)	(40,293,789)	(615,076,541)	(570,015,075)
Interest paid on bonds and notes	(14,690,135)	(13,351,953)	(41,892,325)	(44,746,108)
Net cash provided by (used for) noncapital financing activities	**(11,962,524)**	**8,810,377**	**(31,916,222)**	**(71,677,050)**
Cash Flows from Investing Activities:				
Redemption of investments	18,390,843	1,750,185	220,414,833	175,098,601
Earnings on investments	1,631,680	1,494,872	5,781,240	6,157,561
Purchase of investments	(31,891)	(1,739,526)	(184,746,577)	(161,044,371)
Net cash provided by (used for) investing activities	**19,990,632**	**1,505,531**	**41,449,496**	**20,211,791**
Net Increase (Decrease) in Cash and Cash Equivalents	**(3,087,674)**	**9,766,346**	**68,209,448**	**12,150,462**
Cash and Cash Equivalents, beginning of year	58,526,796	48,760,450	187,986,638	175,836,176
Cash and Cash Equivalents, end of year	$ 55,439,122	$ 58,526,796	$ 256,196,086	$ 187,986,638

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	Operating Fund		Single-Family Fund	
	2017	**2016**	**2017**	**2016**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	**$ (6,439,934)**	**$ (6,288,652)**	**$ 7,240,645**	**$ 775,299**
Adjustments:				
Earnings on investments	(283,869)	(375,385)	(3,865,691)	(4,287,304)
Net (increase) decrease in fair value of investments	154,564	9,872	2,674,738	354,118
Interest paid on bonds and notes	3,570,557	1,966,212	23,631,633	29,427,943
Transfer of investments and/or net position	25,682,879	(1,654,105)	(1,799,200)	1,438,995
(Increase) decrease in assets:				
Loans receivable/loss allowance	(63,561,912)	(20,515,226)	35,576,737	51,521,422
Accrued interest-loans	(453,741)	(33,660)	214,494	228,046
Accrued interest-investments	(2,131)	245	53,820	54,209
Accounts receivable, net	2,074,866	60,379	-	-
Bond issuance costs	-	-	-	-
Other assets	(2,504,184)	(2,292,955)	7,044,207	4,815,924
Interfund receivable (payable)	2,725,234	1,470,468	(125,234)	229,532
(Increase) decrease in deferred outflows	177,722	(1,659,210)	257	257
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	5,008	79,410	(725,143)	(1,064,396)
Accounts payable/accrued liabilities	1,164,399	(345,896)	-	(181,722)
Fees, net	35,673	(152,139)	(21,948)	(20,709)
Escrow deposits	37,547,510	10,604,311	-	-
Total adjustments	**6,332,575**	**(12,837,679)**	**62,658,670**	**82,516,315**
Net cash provided by (used for) operating activities	**$ (107,359)**	**$ (19,126,331)**	**$ 69,899,315**	**$ 83,291,614**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	Multi-Family Fund		Total	
	2017	**2016**	**2017**	**2016**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	**$ 11,969,313**	**$ 12,538,195**	**$ 12,770,024**	**$ 7,024,842**
Adjustments:				
Earnings on investments	(1,631,680)	(1,494,872)	(5,781,240)	(6,157,561)
Net (increase) decrease in fair value of investments	312,435	53,336	3,141,737	417,326
Interest paid on bonds and notes	14,690,135	13,351,953	41,892,325	44,746,108
Transfer of investments and/or net position	(23,883,679)	215,110	-	-
(Increase) decrease in assets:				
Loans receivable/loss allowance	(9,516,107)	(16,792,905)	(37,501,282)	14,213,291
Accrued interest-loans	(54,092)	9,353	(293,339)	203,739
Accrued interest-investments	(19,166)	(5,821)	32,523	48,633
Accounts receivable, net	-	39,277	2,074,866	99,656
Bond issuance costs	-	-	-	-
Other assets	-	-	4,540,023	2,522,969
Interfund receivable (payable)	(2,600,000)	(1,700,000)	-	-
(Increase) decrease in deferred outflows	-	-	177,979	(1,658,953)
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	(416,266)	231,974	(1,136,401)	(753,012)
Accounts payable/accrued liabilities	(348,926)	(327,548)	815,473	(855,166)
Fees, net	-	-	13,725	(172,848)
Escrow deposits	382,251	(6,667,614)	37,929,761	3,936,697
Total adjustments	**(23,085,095)**	**(13,087,757)**	**45,906,150**	**56,590,879**
Net cash provided by (used for) operating activities	**$ (11,115,782)**	**$ (549,562)**	**$ 58,676,174**	**$ 63,615,721**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Statements of Fiduciary Net Position - Private Purpose Trust Component Unit
June 30, 2017 and 2016

	2017	2016
Assets		
Loans receivable	$ 55,790,234	$ 55,911,802
Less allowance for loan losses	(5,504,813)	(5,993,516)
Loans receivable, net	50,285,421	49,918,286
Investments	53,186	55,882
Accrued interest-loans	166,509	168,639
Accrued interest-investments	303	320
Cash and cash equivalents	32,093,438	27,029,899
Accounts receivable, net	102,930	134,841
Other assets, net	474,256	1,220,183
Total Assets	**$ 83,176,043**	**$ 78,528,050**
Liabilities and Net Position		
Liabilities		
Accounts payable and accrued liabilities	$ 27,067	$ 99,891
Total liabilities	**27,067**	**99,891**
Net Position		
Held in trust	83,148,976	78,428,159
Total Liabilities and Net Position	**$ 83,176,043**	**$ 78,528,050**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Statements of Changes in Fiduciary Net Position - Private Purpose Trust Component Unit
For the Years Ended June 30, 2017 and 2016

	2017	2016
Revenues:		
Interest income on loans	$ 2,998,127	$ 2,736,908
Earnings on investments:		
Interest on investments	113,001	26,158
Net increase (decrease) in fair value of investments	248	(145)
Trust receipts	1,202,824	662,003
Total revenues	**4,314,200**	**3,424,924**
Expenses:		
Other administrative expenses	27,067	27,278
Provision for loan losses (recoveries)	(433,684)	1,215,692
Total expenses (income)	**(406,617)**	**1,242,970**
Total change in net position	**4,720,817**	**2,181,954**
Net position, beginning of year	78,428,159	76,246,205
Net position, end of year	$ 83,148,976	$ 78,428,159

See Accompanying Notes to Financial Statements.

1. Organization and Summary of Significant Accounting Policies

a. Organization and Description of Financial Reporting Entity

Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") is a public instrumentality established in 1973 by an Act of the Rhode Island General Assembly. The Corporation was created to originate loans and administer other activities to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the State of Rhode Island (the “State”). It has the power to issue negotiable notes and bonds to achieve its corporate purpose. The notes and bonds do not constitute a debt of the State, and the State is not liable for the repayment of such obligations.

The Corporation is considered a component unit of the State and is included in the State’s comprehensive annual financial report.

The Corporation is exempt from federal and state income taxes.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Corporation applies the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Nos. 39 and 61. Through the application of GASB criteria, the Corporation determined that the Affordable Housing Trust Fund (the “Trust”) is a component unit of the Corporation and the Trust has been presented in the accompanying fiduciary fund financial statements. Control over and financial accountability for the Trust is determined based on appointment by a voting majority of the Trust’s trustees. The Corporation and the Trust are collectively referred to herein as Rhode Island Housing.

b. Affordable Housing Trust Fund

The Affordable Housing Trust Fund (the “Trust”) is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and not-for-profit organizations. There is no requirement that any portion of the Trust’s resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

c. Financial Statement Presentation, Measurement Focus and Basis of Accounting

The Corporation engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties. The accompanying combining statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows (enterprise fund financial statements) present the financial information of the Corporation.

The Corporation classifies its business-type activities into funds, reported as separate columns within the enterprise fund financial statements, each representing a fiscal and accounting entity with a self-balancing set of accounts segregated to carry on specific activities in accordance with bond resolutions established under various trust indentures, special regulations, restrictions, or limitations. All inter-fund activity has been eliminated from the combining totals in the accompanying financial statements. Transfers between funds are made to cover the operating costs associated with management of bond resolutions. Transfers also consist of reimbursement of collateral for bond resolutions previously funded by the operating fund.

The Operating Fund accounts for the receipt of income not directly pledged to the repayment of specific bonds and notes, expenses related to the Corporation's administrative functions, and for various housing program activities that are not covered by bond resolutions. The Operating Fund also accounts for the activities of the Corporation's two separate subsidiaries: Rhode Island Housing Equity Corporation, and Rhode Island Housing Development Corporation. The Single-Family Fund accounts for activities to finance ownership of single-family housing, ranging from one to four dwelling units, within the State by eligible persons and families. These activities include originating and purchasing from participating originating lenders qualified mortgages, as defined in bond resolutions. The Multi-Family Fund accounts for activities to finance the origination of multi-family loans secured by a lien constituting a first mortgage or to provide for the payment of debt issued for such purpose.

The Trust engages only in fiduciary activities. Separate financial statements are presented for the Trust since fiduciary activities are excluded from presentation in enterprise fund financial statements.

The Corporation and the Trust use the economic resources measurement focus and accrual basis of accounting. The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by GASB, which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Corporation has presented an unclassified combining statement of net position in accordance with financial institution industry trade practice. Although contractual terms define the principal amount of loans receivable to be received, and the amount of principal required to be paid on bonds and notes payable by the Corporation within one year from the date of the combining statement of net position, the actual principal amount of loans received and the actual principal amount repaid on bonds and notes are affected significantly by changes in interest rates, economic conditions, and other factors. Consequently, the principal amount of loans receivable and the required principal repayable for bonds and notes based on contractual terms would not be representative of actual amounts expected to be received or paid, and such amounts are not reliably estimable.

The Corporation distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. Operating expenses include the cost of services provided, administrative expenses, and depreciation and amortization expense. All other revenues and expenses are reported as non-operating revenues and expenses.

d. Loans Receivable and Allowance for Loan Losses

Loans receivable are reported at their outstanding principal balance adjusted for any charge-offs and the allowance for loan losses.

Interest income from loans is recognized on the accrual basis. A loan is considered delinquent when a payment has not been made per contractual terms. Accrual of income is suspended when a loan is delinquent for ninety days or more; all interest accrued for nonaccrual status loans is reversed against interest income and subsequently recognized as income when received. Loans are returned to accrual status when all amounts contractually due are brought current or the loans have been restructured and future payments are reasonably assured. Interest on loans which is deferred and payable by borrowers only from available cash flow or other specified sources is recorded as income when received.

Losses on loans are provided for under the allowance method of accounting. The allowance is increased by provisions charged to operating expenses and by recoveries of previously charged-off loans. The allowance is decreased as loans are charged off.

The allowance is an amount that management believes will be adequate for loan losses based on evaluation of collectability and prior loss experience, known and inherent risk in the portfolio, changes in the nature and volume of the loan portfolio, overall portfolio quality, specific problem loans, the estimated value of the underlying collateral, current and anticipated economic conditions that may affect the borrower's ability to pay, and historical loss experience and the types of mortgage insurance or guarantee programs provided by outside parties. Substantially all loans are secured by real estate in Rhode Island; accordingly, the ultimate collectability of substantially all the loans is susceptible to changes in market conditions in this area. Management believes the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, evaluation assessments made by management are inherently subjective and future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the evaluation.

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Such loans are presented as loans held for sale on the accompanying statement of net position. Gains and losses for sales of loans are recognized based upon the difference between the fair value of mortgage-backed securities forward contracts at date of commitment and the carrying value of the underlying loans.

e. Cash and Cash Equivalents

Cash and cash equivalents represent funds on deposit with various financial institutions and funds held by the trustees of the various bond programs. Deposits held in financial institutions and all highly liquid investments, such as U.S. Treasury Bills and Notes, with original maturities of 90 days or less are considered cash and cash equivalents.

f. Investments

Investments held by Rhode Island Housing consist of those permitted by the various bond resolutions and Rhode Island Housing's investment policy. Investments include securities of the U.S. Government and of U.S. Government agencies, securities guaranteed by the U.S. Government and U.S. Government agencies, savings accounts, and guaranteed investment contracts.

In accordance with GASB Statement No. 31 (GASB 31), money market investments having a remaining maturity of one year or less at time of purchase are reported at amortized cost if the fair value of such investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Investments in non-participating interest earning investment contracts, such as non-negotiable and non-transferable guaranteed investment contracts which are redeemable at contract or stated value rather than fair value based on current market rates and certificates of deposit with redemption terms that do not consider market rates, are reported at cost or amortized cost provided that the fair value of such contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors. Investments not reported at cost or amortized cost are reported at fair value in accordance with GASB 31. The fair value of securities is provided by an investment trustee as reported by recognized pricing firms. The reported amounts of investments not otherwise reported at fair value approximate their fair value.

All investment income, including changes in the fair value of investments, is reported as revenue in the Corporation's statement of revenues, expenses and changes in net position and in the Trust's statement of changes in fiduciary net assets. The Corporation records a liability for the portion of investment income that is rebateable to the United States government under Section 103A of the Internal Revenue Code, as amended, (the Code) for tax-exempt bonds sold after 1981. The Code requires that such excess investment income be remitted to the Internal Revenue Service. Such rebateable investment income is included in accounts payable and accrued liabilities in the accompanying statement of net position and recorded within operating expenses in the statement of revenues, expenses and changes in net position.

g. Bond Issuance Costs, Premiums, Discounts and Early Retirements

In accordance with GASB Statement No. 65, costs associated with issuing bonds are reported in the combining statement of revenues, expenses and changes in net position in the year the bond is issued. In addition, when refinancing debt, the costs associated with the refinanced bond are also reported in the combining statement of revenues, expenses and changes in net position in the year in which the bond is refinanced.

Premiums and discounts are capitalized and amortized using a method that approximates the interest method over the life of the related issue or to the date the Corporation has the option to redeem the bonds.

The Corporation periodically retires bonds prior to their redemption date. Any premium paid on the call related to the early retirement of bonds that are not refunded is reported in the combining statement of revenues, expenses and changes in net position.

h. Other Assets

Other assets of the Corporation are principally comprised of property and equipment, certain other real estate owned, and deferred servicing costs related to service release premiums paid to participating originating lenders for origination of single-family loans. The Corporation depreciates property and equipment on a straight-line basis over the assets' estimated lives, which range from 3-40 years.

The Corporation states its other real estate owned acquired through or in lieu of foreclosure at the lower of cost or fair value less the cost to sell. Fair value of such assets is determined based on independent appraisals and other relevant factors. Other real estate owned in the Single-Family Fund is at least partially insured or guaranteed by outside parties and it is anticipated that the Corporation will recover substantially all the balance of these assets through such insurance and from proceeds from the sale of the underlying properties. The Corporation holds such properties for subsequent sale in a manner that will allow maximization of value. Carrying costs relating to other real estate owned are recorded in the Operating Fund.

i. Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent the consumption of net assets that are applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that are applicable to a future reporting period. At June 30, 2017 and 2016, the Corporation's deferred outflows of resources consist of the change in fair value of derivatives and loan origination costs, as described below. The Corporation had no deferred inflows of resources at June 30, 2017 or June 30, 2016.

Fair values of both hedging derivatives and investment derivatives (if any) are presented on the combining statements of net position either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The difference between the notional amount and fair value of the derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Corporation's combining statements of net position. The Corporation currently has one type of derivative instrument outstanding: mortgage-backed security forward contracts.

j. Net Position

Net position is classified in the following three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to those assets, if any. Restricted net position consists of restricted assets that have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments, or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets. Unrestricted net position consists of amounts not included in net investment in capital assets or restricted net position.

The Corporation classifies all net position amounts associated with its bond resolutions as restricted net position. Under bond indentures, all assets assigned to these programs are pledged for the benefit of the bondholders of each program; consequently, the Corporation classifies all such amounts, while retained in the bond programs, as restricted. Transfers from the bond programs to the Operating Fund are made when transfers are approved and authorized by the Corporation's management and such amounts are not specifically required to be retained within the bond program. Transfers during the years ended June 30, 2017 and 2016, include cash transfers for reimbursement of activities in support of the bond programs and a transfer of the allowance for loan losses to better reflect the estimated losses for the bond program.

At June 30, 2017 and 2016, restricted net position in the Operating Fund, comprised of the amount of assets required to be pledged as collateral to a lender in excess of outstanding amounts borrowed, as well as assets restricted for federal programs, totaled $4,100,324 and $5,710,537, respectively.

k. Interest Income on Loans

The Corporation presents two categories of interest income on loans. The first category, "interest income on loans," represents interest income earned net of the component of the mortgagors' payments payable to all mortgage servicing entities (including the Corporation's Operating Fund) as compensation for monthly servicing. The second category, "interest income attributable to internal servicing activities," represents that portion of interest income attributable to compensation for mortgage servicing for those loans serviced by the Corporation. Together, these two components comprise interest income on loans owned by the Corporation.

l. Use of Estimates

Management has made several estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and disclosure of contingent assets and liabilities when preparing the financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

m. Fee and Grant Revenue

Recognition of grant revenue is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made. Fee income is accrued as earned and includes fees received from loan originations, securitization premiums, loan servicing fees, and Section 8 administrative fees received from the U.S. Department of Housing and Urban Development (HUD), including administrative fees that are paid by HUD to Rhode Island Housing under the Performance-Based Contract Administration (PBCA) contract for certain Section 8 projects throughout Rhode Island.

n. Recent Accounting Pronouncements

Effective for the fiscal year ending June 30, 2018, the Corporation will be required to adopt the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses and expenditures related to other postemployment benefits (OPEB) administered through trusts or equivalent arrangements. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB 75 requires more extensive footnote disclosures in employer financial statements as well as restatement of beginning net position in fiscal 2018. The Corporation is currently evaluating the effects of GASB 75 on its financial statements

2. Restricted Assets

The Corporation maintains various trust and escrow accounts required by applicable bond covenants for the benefit of bondholders and others, and all such accounts are considered restricted in this context. Also, restricted assets principally include Mortgage Lenders Reserve Accounts because their use is restricted by agreements between the Corporation and mortgage lenders, escrow funds received from borrowers and advance funds received from HUD for use in HUD programs.

At June 30, 2017 and 2016, all assets in the Corporation's Single-Family and Multi-Family Funds; and $204,021,355 and $160,672,961 respectively, of investments and cash and cash equivalents, and $300,214,635 and $237,469,314 respectively, of loans receivable and other assets in the Corporation's Operating Fund are restricted.

3. Loans Receivable

The Corporation provides single-family mortgage loans to qualified borrowers in the State. The mortgage loans are generally required to be insured through the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Administration (VA) or USDA Rural Development, or conventionally financed with traditional primary mortgage insurance. Under the single-family program guidelines, conventionally financed single-family mortgage loans with an initial loan-to-value ratio of greater than 80% are insured by private mortgage insurance carriers. As these loans amortize and the loan to-value ratio falls below 80%, the private mortgage insurance coverage may be terminated.

At June 30, 2017 and 2016, the single-family mortgage loan balances in the Single-Family Fund are insured, subject to maximum insurable limits described below:

	2017	2016
Private Mortgage Insurance	$ 288,611,915	$ 338,268,739
FHA Insurance	179,887,588	152,954,590
VA Guaranteed	7,252,342	8,460,290
USDA/RD Guaranteed	11,239,823	12,719,155
Uninsured	192,404,124	203,569,755
Total	$ 679,395,792	$ 715,972,529

The FHA program insures the repayment of the unpaid principal amount of the mortgage upon foreclosure and conveyance of title to the Secretary of HUD. The insurance proceeds are usually paid in cash, but at the discretion of the Secretary, may be settled through issuance of twenty-year debentures. The VA mortgage loan guarantee covers from 25% up to 50% of the original principal amount of a loan up to a maximum of $60,000 depending on the loan amount. Private mortgage insurers must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association (FNMA) and must be authorized to do business in the State. Private mortgage insurance typically covers between 6% and 35% of claims depending upon the premium plan and coverage selected when the loan is originated. The risk exists that if these private mortgage insurance companies are not able to honor claims, these loans would be considered uninsured.

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multi-family housing developments financed by the Corporation. The risk of loss to the Corporation varies from 10% to 50% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at June 30, 2017, of $302,800,561 and $86,117,364, respectively, and at June 30, 2016, of $308,297,606 and $19,733,542 respectively, are insured under such agreements subject to maximum participation limits. At June 30, 2017 and 2016, loan balances of $18,280,770 and $18,448,918, respectively, in the Trust are also insured under such agreements.

In May of 2012, Rhode Island Housing entered into an agreement with FNMA whereby single-family mortgage loans originated under Rhode Island Housing's program guidelines may be sold directly to FNMA or pooled into a mortgage-backed security that will be guaranteed by FNMA. As of June 30, 2017, 1,325 loans had been sold directly to FNMA and eight mortgage-backed securities had been issued. As of June 30, 2016, 956 loans had been sold directly to FNMA and eight mortgage-backed securities had been issued.

In the Single-Family Fund, 96% of the loan portfolio is in first lien position for the fiscal years ended June 30, 2017 and 2016. In the Multi-Family Fund, 98% of the loan portfolio is in first lien position for the fiscal year ended June 30, 2017, and 99% for the fiscal year ended June 30, 2016. For the years ended June 30, 2017 and 2016, 44% and 33%, respectively, of the Operating Fund's loan portfolio is in first lien position, while 50% and 51%, respectively, of the Affordable Housing Trust's loan portfolio is in first lien position.

The payment of interest by borrowers on certain loans recorded in the Corporation's Operating Fund, Single-Family Fund and Multi-Family Fund is deferred and is payable by borrowers only from available cash flow, as defined in the loan agreements, or other specified sources. Interest income on such loans is recorded only when received from the borrower. For the years ended June 30, 2017 and 2016, interest received under such deferred loan arrangements was $315,392 and $303,448, respectively, in the Operating Fund and $341,112 and $146,572, respectively, in the Single-Family Fund. In addition, the Corporation administers certain federal and state loan programs, which are either deferred forgivable loans or non-interest bearing. Loans under these programs totaled $200,963,363 and $205,908,202 at June 30, 2017 and 2016, respectively.

At June 30, 2017 and 2016, principal outstanding under such deferred loan arrangements is as follows:

	2017	2016
Operating Fund:		
Single-family loans	$ 60,977,329	$ 68,599,219
Multi-family loans	199,130,995	196,273,262
Subtotal	260,108,324	264,872,481
Single-Family Fund:		
Single-family loans	17,294,136	18,536,405
Total	$ 277,402,460	$ 283,408,886

Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on non-accrual status due to delinquency over 90 days. At June 30, 2017 and 2016, principal outstanding under such non-accrual status loans is as follows:

	2017	2016
Operating Fund:		
Single-family loans	$ 4,303,141	$ 2,708,332
Multi-family loans	-	894,747
Subtotal	4,303,141	3,603,079
Single-Family Fund:		
Single-family loans	19,698,634	17,311,452
Total	$ 24,001,775	$ 20,914,531

A summary of the changes in the allowance for loan losses is as follows:

	2017	2016
Balance at beginning of year	$ 38,000,000	$ 34,000,000
Loans charged off, net of recoveries	(2,558,236)	(2,812,812)
Write-down of REO properties	(309,849)	(1,771,102)
Provision for loan losses	368,085	8,583,914
Balance at end of year	$ 35,500,000	$ 38,000,000

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the "Mortgage Lender's Reserve Account"). This Mortgage Lenders Reserve Account equals a percentage of the outstanding principal balance of certain mortgage loans purchased from an applicable mortgage lender and is available to the Corporation in the event the proceeds realized upon the default and foreclosure of any covered mortgage loan is less than the amount due to the Corporation. At June 30, 2017 and 2016, the Mortgage Lender's Reserve Account totaled $467,739.

4. Cash and Cash Equivalents, and Investments

Cash and Cash Equivalents Rhode Island Housing assumes levels of custodial credit risk for its cash and cash equivalents. Custodial credit risk is the risk that in the event of a financial institution failure, Rhode Island Housing's deposits may not be returned to it. Cash and cash equivalents are exposed to custodial credit risk as follows: A) uninsured and uncollateralized; B) uninsured and collateralized with securities held by the financial institution trust departments in the Corporation's or Trust's name; and C) uninsured and collateralized with securities held by financial institution trust departments or agents which are not held in the Corporation's or Trust's name.

The State requires that certain uninsured deposits of the State and State Agencies be collateralized. Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, requires all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet its minimum capital standards as required by its Federal regulator be collateralized. Rhode Island Housing does not have any additional policy regarding custodial credit risk for its deposits.

Cash and cash equivalents of Rhode Island Housing were exposed to custodial credit risk at June 30, 2017 and 2016, as follows:

June 30, 2017

		Category			
	Book Balance	Insured	A	C	Total Bank Balance
Rhode Island Housing and Mortgage Finance Corporation					
Cash Deposits - Operating	$ 37,171,621	$ 2,912,843	$ 1,581,074	$ 41,151,500	$ 45,645,417
Cash Deposits - Single Family	2,081,468	-	-	-	-
Cash Deposits - Multi-Family Funds	655,103	-	627,110	-	627,110
Cash Deposits - Escrows	63,179,247	-	-	63,179,247	63,179,247
Total Deposits	103,087,439	2,912,843	2,208,184	104,330,747	109,451,774
Money Market Mutual Funds	153,108,647				153,108,647
Total Cash and Cash Equivalents	$ 256,196,086	$ 2,912,843	$ 2,208,184	$ 104,330,747	$ 262,560,421
Rhode Island Housing and Mortgage Finance Corporation- Private Purpose Trust					
Cash Deposits	$ 21,398,280	$ 250,000	-	$ 21,013,075	$ 21,263,075
Money Market Mutual Funds	10,695,158				10,695,158
Total Cash and Cash Equivalents	$ 32,093,438	$ 250,000	-	$ 21,013,075	$ 31,958,233

June 30, 2016

	Book Balance	Category: Insured	Category: A	Category: C	Total Bank Balance
Rhode Island Housing and Mortgage Finance Corporation					
Cash Deposits - Operating	$ 35,106,466	$ 1,072,750	$ 2,494,665	$ 44,351,917	$ 47,919,332
Cash Deposits - Single Family	1,928,163	-	-	-	-
Cash Deposits - Multi-Family Funds	4,032,542	-	167,705	-	167,705
Cash Deposits - Escrows	30,560,010	-	-	30,560,010	30,560,010
Total Deposits	71,627,181	1,072,750	2,662,370	74,911,927	78,647,047
Money Market Mutual Funds	116,359,457				116,359,457
Total Cash and Cash Equivalents	$ 187,986,638	$ 1,072,750	$ 2,662,370	$ 74,911,927	$ 195,006,504
Rhode Island Housing and Mortgage Finance Corporation- Private Purpose Trust					
Cash Deposits	$ 16,334,741	$ 250,000	-	$ 14,632,929	$ 14,882,929
Money Market Mutual Funds	10,695,158				10,695,158
Total Cash and Cash Equivalents	$ 27,029,889	$ 250,000	-	$ 14,632,929	$ 25,578,087

Cash and cash equivalents in the Single-Family Fund and Multi-Family Fund are principally invested in short-term United States Government Money Market Funds. At June 30, 2017, $19,342,672 in the Operating Fund, $78,981,956 in the Single-Family Fund, $54,784,019 in the Multi-Family Fund and $10,695,158 in the Trust was invested in short-term United States Government Money Market Funds. At June 30, 2016, $99,769 in the Operating Fund, $61,765,433 in the Single-Family Fund, $54,494,255 in the Multi-Family Fund and $10,695,158 in the Trust was invested in short-term United States Government Money Market Funds. The funds are rated AAA and invested only in U.S. Treasuries, U.S. Agencies, and repurchase agreements collateralized by U.S. Treasury and Agency securities. Since the funds offer a floating rate that tends to move with other market U.S. risk-free rates, there is substantially no interest rate risk associated with these short-term investments. Because of the quality of the underlying securities in the asset pool and the institutions involved in the management and custody, there is no material credit or custodial risk in this portfolio. These investments are used as temporary cash management instruments. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable $1 per unit. The underlying investments which are short-term cash equivalent typed investments are generally carried at amortized cost which approximates fair value. There are no withdrawal limitations for the money market mutual funds.

Investments The first objective of Rhode Island Housing in implementing its investment program is preservation of capital. All investments are to be made in a manner to minimize any risk which would jeopardize the safety of the principal invested. The second objective is to maintain sufficient liquidity in a manner that matches cash flow requirements. The third objective is to maximize yield after first satisfying the first two objectives. Other major considerations include diversification of risk and maintenance of credit ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in a debt instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board of Commissioners' (the Board) approved investment policy for the Corporation's Operating Fund limits the maximum maturities or repricing maturities as follows:

Maturity	Maximum investment
Less than one year	100%
One to five years	25%
Greater than five years	0%

At June 30, 2017 and 2016, the Operating Fund holds two investments with a maturity of greater than five years. These investments are marketable securities that are pledged as collateral to a lender for borrowings.

While each of the bond resolutions contains investment policies which describe acceptable investments, there are no specific policies for percentage maximum investments with respect to the Single-Family Fund, Multi-Family Fund, and the Trust (collectively referred to as the Other Funds). Nonetheless, Rhode Island Housing attempts to match asset and liability maturities as closely as practicable. The Corporation manages interest rate risk by considering many variables such as mortgage prepayment frequency and expected asset lives and then utilizing interest sensitivity gap (segmented time distribution) and simulation analysis.

At June 30, 2017 and 2016, the distribution of investments by remaining or re-pricing maturity is as follows:

	June 30, 2017			
	1 year or less	>1 to 5 Years	>5 Years	Total
Operating Fund:				
U.S. Government Obligations	$ 6,788,538	$ -	$ 2,932,675	$ 9,721,213
Single-Family Fund:				
U.S. Government Obligations	-	-	55,204,947	55,204,947
U.S. Agency Obligations	-	-	20,157,315	20,157,315
Guaranteed Investment Contracts	-	-	2,883,495	2,883,495
Total Single-Family Fund	-	-	78,245,757	78,245,757
Multi-Family Fund:				
U.S. Agency Obligations	434,392	4,832,693	-	5,267,085
Escrows*	-	87,104,389	-	87,104,389
Subtotal	7,222,930	91,937,082	81,178,432	180,338,444
Trust:				
U.S. Agency Obligations	53,186	-	-	53,186
Total	$ 7,276,116	$ 91,937,082	$ 81,178,432	$ 180,391,630

	June 30, 2016			
	1 year or less	>1 to 5 Years	>5 Years	Total
Operating Fund:				
U.S. Government Obligations	$ 8,793,995	$ -	$ 1,672,292	$ 10,466,287
Single-Family Fund:				
U.S. Government Obligations	-	-	68,719,848	68,719,848
U.S. Agency Obligations	2,020,838	-	24,109,958	26,130,796
Guaranteed Investment Contracts	-	-	2,883,495	2,883,495
Total Single-Family Fund	2,020,838	-	95,713,301	97,734,139
Multi-Family Fund:				
U.S. Agency Obligations	456,075	3,245,933	2,325,325	6,027,333
Guaranteed Investment Contracts	-	17,911,140	-	17,911,140
Total Multi-Family Fund	456,075	21,157,073	2,325,325	23,938,473
Escrows*	-	87,009,540	-	87,009,540
Subtotal	11,270,908	108,166,613	99,710,918	219,148,439
Trust:				
U.S. Agency Obligations	55,882	-	-	55,882
Total	$ 11,326,790	$ 108,166,613	$ 99,710,918	$ 219,204,321

* Included in the tables above are escrow funds relating to homeowners and to multi-family developments. Rhode Island Housing is not exposed to interest rate risk relating to escrows since the income and market gains or losses on these investments flow directly into the respective escrow deposit liability accounts.

Included in investments are mortgage-backed securities backed by government-insured single-family mortgage loans originated under Rhode Island Housing's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae-approved lender and are guaranteed by either the Government National Mortgage Association (GNMA) or FNMA. The securities are subject to interest rate risk due to prepayments before maturity and the fair value of the securities which will vary with the change in market interest rates. The Corporation does not expect to realize a loss on the sale of the securities as they are intended to be held to maturity. The securities are held by the Single-Family and Operating Funds and are carried at fair value totaling $78,294,937 and $94,502,098 at June 30, 2017 and 2016, respectively.

The Corporation 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. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are observable market-based inputs or unobservable inputs that are corroborated by market data. Level 3 inputs are unobservable inputs that are not corroborated by market data.

The Corporation has recurring fair value measurements in the form of Fixed Income Securities (U.S. Treasuries, mortgage-backed securities and obligations of government-sponsored enterprises) as of June 30, 2017, of $96,825,602 in the Operating Fund, $75,362,262 in the Single-Family, $5,267,086 in the Multi-Family Fund, and $53,186 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments are fair value measurements for escrow funds relating to homeowners and to multi-family developments. The Corporation does not measure the fair value of guaranteed investment contracts in the amount of $2,883,495 in the Single-Family Fund as of June 30, 2017.

The Corporation had recurring fair value measurements in the same form as of June 30, 2016, of $97,475,827 in the Operating Fund, $94,850,644 in the Single-Family fund, $6,027,334 in the Multi-Family Fund, and $55,882 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments were fair value measurements for escrow funds relating to homeowners and to multi-family developments. The Corporation does not measure the fair value of guaranteed investment contracts in the amount of $2,883,495 in the Single-Family Fund and $17,911,140 in the Multi-Family Fund as of June 30, 2016.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The current Board-approved policy requires all investments in the Operating Fund to be rated at least Single A by a nationally recognized rating agency. Each of the bonded resolutions in the Single-Family Fund and Multi-Family Fund contains policies that generally require investments that do not impair the existing ratings on the related bonds. The Trust has no minimum rating requirements.

At June 30, 2017 and 2016, investments, excluding investments relating to escrow accounts for which the credit risk is that of the party for whom the escrow is held rather than that of Rhode Island Housing, are rated by Standard & Poor's or Moody's Investors Service as follows:

	June 30, 2017	
Rating Investment	AA+/Aaa U.S. Agencies	Unrated GICS
Operating Fund	$ -	$ -
Single-Family Fund	20,157,315	2,883,495
Multi-Family Fund	5,267,085	-
Trust	53,186	-

Rating Investment	June 30, 2016 AA+/Aaa U.S. Agencies	Unrated GICS
Operating Fund	$ -	$ -
Single-Family Fund	26,130,796	2,883,495
Multi-Family Fund	6,027,333	17,911,140
Trust	55,882	-

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer regardless of its credit history. The Board-approved policy for the Operating Fund limits the amount that may be invested with any one issuer as follows:

United States Government Obligations	100% of portfolio
United States Agency Obligations	100% of portfolio
Repurchase Agreements	50% of portfolio
Collective Short-Term Funds	25% of portfolio
All other investments	10% of portfolio

Although there are no specific concentration policies for maximum percentage of investments, Rhode Island Housing attempts to diversify as much as possible given the limited number of issuers of AAA-rated investments.

At June 30, 2017 and 2016, all Operating Fund investments were invested in U.S. Government and Agency securities, with no concentration of more than 5% of total Operating Fund investments in any particular agency for which the investments were not secured by the U.S. Government.

At June 30, 2017 and 2016, investment concentrations of 5% or more of each respective fund's total investments, excluding investments relating to escrow accounts for which the concentration of credit risk is that of the party for whom the escrow is held rather than that of Rhode Island Housing, are as follows:

Issuer	June 30, 2017 Single-Family Fund	Multi-Family Fund	Trust
Federal Home Loan Bank	$ -	$ 2,636,204	$ -
Federal Farm Credit Bank	-	2,196,489	-
Federal National Mtg. Assoc.	20,157,315	-	53,186

	June 30, 2016		
Issuer	Single-Family Fund	Multi-Family Fund	Trust
Federal Home Loan Bank	$ -	$ 2,775,849	$ -
Federal Farm Credit Bank	-	2,325,325	-
HSBC Bank	-	17,911,140	-
Federal National Mtg. Assoc.	24,109,958	-	55,882

Custodial credit risk is the risk that, in the event of the failure of the counterparty, Rhode Island Housing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The policy in the Operating Fund is that all purchases are held in a safekeeping or custodial account at an approved safekeeping agent of the Corporation in the Corporation's name. At June 30, 2017 and 2016, there were no investments in the Operating Fund subject to custodial credit risk.

There are no other specific custodial credit risk policies for the other funds. Most of Rhode Island Housing's investments in other funds are either in Guaranteed Investment Contracts (GICs) in bonded resolutions, which are direct investments not subject to custodial credit risk, or in accounts managed by a financial advisory firm with underlying investments restricted to U.S. Government and Agency securities. At June 30, 2017 and 2016, there were no investments in any of the other funds subject to custodial credit risk.

As established in the Board-approved investment policy, the Corporation can enter into interest rate swap agreements and other similar interest rate related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At June 30, 2017 and 2016, the Corporation was not party to any interest rate swap agreements. At June 30, 2017, the Corporation had entered into certain commitments to sell loans, which expose the Corporation to interest rate risk as discussed further in Note 8.

5. Other Assets

Other assets, net, consisted of the following at June 30:

	2017	2016
Real estate owned	$ 5,185,967	$ 11,432,030
Capital assets (*depreciable*), net	9,298,304	8,701,437
Purchased mortgage servicing rights and excess servicing, net	3,882,116	2,685,989
Other assets and control accounts	(145)	86,807
Total	$ 18,366,242	$ 22,906,263

Depreciation expense related to capital assets for the years ended June 30, 2017 and 2016, was $931,966 and $832,376, respectively.

Amortization expense related to purchased mortgage servicing rights for the years ended June 30, 2017 and 2016 was $645,276 and $594,126, respectively.

Other assets of the Trust consisted of federal program properties totaling $474,256 and $1,220,183 at June 30, 2017 and June 30, 2016, respectively.

6. Bonds and Notes Payable

The Corporation issues serial bonds and term bonds under various bond resolutions to provide permanent financing for the origination or purchase from participating originating lenders of single-family loans, to provide permanent financing for qualified housing developments, and to provide financing for other purposes.

The Corporation obtains principally first and second mortgage liens on real property financed. The Corporation assigns such liens to the respective bonds when the mortgage loans are permanently financed using bond proceeds. Bonds and notes are secured by related revenues and assets of the respective programs in which the related bonds and notes payable are reported.

The provisions of the applicable trust indentures require or allow for the redemption of bonds by the Corporation through the use of unexpended bond proceeds and excess funds accumulated primarily through the prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of the Corporation, in whole or in part at any time after certain dates, as specified in the respective bond series indentures.

Principal and interest on substantially all bonds is payable semi-annually.

The Corporation is required by the Internal Revenue Service as well as its various bond resolutions to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Corporation must comply with various restrictions on investment earnings from bond proceeds. The Corporation's management believes it was in compliance with these covenants as of June 30, 2017.

Bonds and notes payable at June 30, 2017 and 2016 are as follows:

	2017	2016
Operating Fund Bonds and Notes:		
Federal Home Loan Bank		
Due 2017 to 2026, interest from 1.12% to 2.47%	$ 13,675,000	$ 12,000,000

Federal Financing Bank		
Due 2056 to 2057, interest from 2.239% to 3.39%	78,474,584	11,400,000
General Obligation Bonds Series 2013:		
Mandatory tender bonds, due 2018, interest at 2.49%	5,000,000	5,000,000
Notes Payable, due 2027 to 2043, interest from 2.75% to 6.25%	13,383,665	12,316,568
Lines of Credit, payable on demand, interest from 2.020% to 2.473%	61,009,000	74,000,000
Total Operating Fund	171,542,249	114,716,568
Single-Family Fund:		
Homeownership Opportunity Bonds:		
Series 10-A:		
Term bonds, due 2022 to 2027, interest at 6.50%	1,000,000	1,000,000
Series 15-A:		
Term bonds, due 2024, interest at 6.85%	495,000	500,000
Series 46-T:		
Term bonds, due 2034, interest at variable rate	15,000,000	15,000,000
Series 48-T:		
Term bonds, due 2034, interest at variable rate	15,000,000	15,000,000
Series 54:		
Term bonds, due 2026 to 2046, interest from 4.65% to 4.90%	-	56,970,000
Series 55-A:		
Serial bonds, due 2016 to 2017, interest from 3.90% to 3.95%	-	1,640,000
Term bonds, due 2034, interest at 4.50%	-	2,280,000
	-	3,920,000
Series 55-B:		
Serial bonds, due 2017, interest at 4.375%	-	1,110,000
Term bonds, due 2022 to 2047, interest from 4.55% to 4.85%	-	51,925,000
	-	53,035,000
Series 56-A:		
Term bonds, due 2017 to 2047, interest from 4.75% to 5.20%	-	44,765,000

Series 57-A:		
Serial bonds, due 2017, interest at 4.25%	35,000	1,335,000
Term bonds, due 2034, interest at 5.00%	475,000	475,000
	510,000	1,810,000
Series 57-B:		
Term bonds, due 2022, interest at 5.15%	780,000	1,655,000
Series 58-A:		
Term bonds, due 2023 to 2030, interest from 5.05% to 5.25%	7,410,000	8,300,000
Series 59-A:		
Serial bonds, due 2016 to 2017, interest from 4.00% to 4.125%	-	1,860,000
Term bonds, due 2034, interest at 5.15%	2,165,000	2,820,000
	2,165,000	4,680,000
Series 60-A1:		
Serial bonds, due 2016 to 2017, interest from 4.20% to 4.30%	-	490,000
Series 61-A:		
Serial bonds, due 2020 to 2023, interest from 2.40% to 3.05%	12,265,000	12,755,000
Series 61-B:		
Term bonds, due 2026 to 2037, interest from 3.45% to 4.10%	6,755,000	7,020,000
Series 61-C:		
Serial bonds, due 2017 to 2020, interest from 2.30% to 3.00%	19,085,000	22,540,000
Term bonds, due 2034, interest at 4.00%	-	900,000
	19,085,000	23,440,000
Series 62-A:		
Serial bonds, due 2017 to 2021, interest from 1.90% to 3.125%	4,950,000	6,080,000
Series 62-B:		
Serial bonds, due 2021 to 2022, interest from 3.125% to 3.25%	4,025,000	4,025,000
Term bonds, due 2024 to 2028, interest from 3.50% to 4.00%	10,975,000	10,975,000
	15,000,000	15,000,000
Series 62-C:		
Serial bonds, due 2017 to 2022, interest from 2.75% to 3.85%	8,705,000	11,405,000
Term bonds, due 2022, interest at 3.875%	12,760,000	19,865,000
	21,465,000	31,270,000
Series 63-A:		
Term bonds, due 2027 to 2040, interest from 3.50% to 4.00%	12,530,000	13,570,000

Series 63-B:		
Term bonds, due 2032 to 2042, interest from 3.80% to 4.125%	1,690,000	2,065,000
Series 63-C:		
Serial bonds, due 2017 to 2022, interest from 2.15% to 3.50%	7,470,000	8,700,000
Term bonds, due 2025, interest at 3.75%	3,680,000	3,680,000
	11,150,000	12,380,000
Series 63-T:		
Term bonds, due 2042, interest at variable rate	22,845,000	23,345,000
Series 64-T:		
Serial bonds, due 2017 to 2018, interest from 2.08% to 2.58%	5,750,000	11,820,000
Term bonds, due 2023 to 2034, interest from 3.00% to 4.00%	33,670,000	43,210,000
	39,420,000	55,030,000
Series 65-T:		
Serial bonds, due 2017 to 2025, interest from 1.640% to 3.886%	29,685,000	32,825,000
Term bonds, due 2029 to 2039, interest from 2.913% to 4.433%	38,050,000	44,305,000
	67,735,000	77,130,000
Series 66 A-1:		
Term bonds, due 2033, interest at 4.00%	19,650,000	23,840,000
Series 66 A-2:		
Term bonds, due 2032, interest at 4.00%	6,330,000	7,390,000
Series 66-B:		
Term bonds, due 2045, interest at variable rate	15,000,000	15,000,000
Series 66 C-2:		
Term bonds, due 2017 to 2026, interest from 1.30% to 3.65%	19,295,000	21,750,000
Series 67-A:		
Term bonds, due 2041, interest at 3.55%	5,445,000	5,610,000
Series 67-B:		
Term bonds, due 2026 to 2046, interest from 2.40% to 3.55%	10,670,000	11,650,000
Series 67-C:		
Serial bonds, due 2017 to 2027, interest from 1.00% to 3.00%	14,530,000	15,380,000
Term bonds, due 2030 to 2038, interest from 3.25% to 3.50%	18,225,000	20,025,000
	32,755,000	35,405,000

Series 68-A:		
Serial bonds, due 2017 to 2018, interest from 0.50% to 0.85%	1,340,000	-
Series 68-B:		
Term bonds, due 2031 to 2046, interest from 3.00% to 3.40%	40,000,000	-
Series 68-C:		
Serial bonds, due 2018 to 2026, interest from 1.15% to 2.65%	42,165,000	-
Term bonds, due 2031 to 2039, interest from 3.15% to 3.50%	102,035,000	-
	144,200,000	-
Unamortized bond premium	7,261,155	4,849,448
Subtotal	579,196,155	611,704,448
Home Funding Bonds:		
Series 1-A:		
Serial bonds, due 2017 to 2021, interest from 3.50% to 4.125%	5,745,000	6,855,000
Term bonds, due 2024, interest at 4.25%	710,000	2,450,000
	6,455,000	9,305,000
Series 2, Subseries 2A:		
Term bonds, due 2041, interest at 3.16%	18,345,000	21,260,000
Series 2, Subseries 2B:		
Term bonds, due 2041, interest at 2.63%	16,050,000	18,300,000
Series 2, Subseries 2C:		
Term bonds, due 2041, interest at 2.73%	26,470,000	29,010,000
Series 3:		
Serial bonds, due 2017 to 2020, interest from 2.60% to 3.20%	3,790,000	4,765,000
Term bonds, due 2025, interest at 4.00%	5,195,000	6,855,000
	8,985,000	11,620,000
Series 4:		
Serial bonds, due 2017 to 2022, interest from 2.30% to 3.50%	4,405,000	5,105,000
Term bonds, due 2026, interest from 4.05%	3,480,000	4,615,000
	7,885,000	9,720,000
Series 5:		
Term bonds, due 2028 to 2040, interest from 2.75% to 3.45%	28,455,000	30,465,000
Unamortized bond premium	548,573	582,468
Subtotal	113,193,573	130,262,468
Total Single-Family Fund	692,389,728	741,966,916

Multi-Family Fund:		
Multi-Family Housing Bonds:		
1995 Series A:		
Term bonds, due 2017, interest at 6.15%	-	275,000
1998 Series A:		
Term bonds, due 2018, interest at 5.375%	-	355,000
Subtotal	-	630,000
Housing Bonds:		
2001 Series B-2T:		
Term bonds, due 2031, interest at variable rate	3,200,000	3,325,000
2003 Series A-2T:		
Term bonds, due 2034, interest at variable rate	18,590,000	19,150,000
2003 Series B-2T:		
Term bonds, due 2035, interest at variable rate	8,400,000	8,515,000
2007 Series A-1:		
Serial bonds, due 2016 to 2017, interest from 4.30% to 4.35%	-	690,000
Term bonds, due 2027 to 2048, interest from 4.80% to 5.00%	-	29,680,000
	-	30,370,000
2007 Series B-1A/B:		
Serial bonds, due 2017, interest at 4.50%	230,000	440,000
Term bonds, due 2022 to 2027, interest from 5.0% to 5.25%	-	3,335,000
	230,000	3,775,000
Unamortized bond discount	(91,624)	(95,868)
Subtotal	30,328,376	65,039,132
Multi-Family Funding Bonds:		
2009 Series A, Subseries 2009A-1:		
Term bonds, due 2051, interest at 3.01%	51,000,000	51,000,000
2009 Series A, Subseries 2009A-2:		
Term bonds, due 2051, interest at 2.32%	14,100,000	14,100,000
2010 Series A:		
Serial bonds, due 2017 to 2021, interest from 3.125% to 4.00%	2,980,000	3,535,000

Term bonds, due 2025 to 2035, interest from 4.625% to 5.25%	15,550,000	15,550,000
	18,530,000	19,085,000
2011 Series A:		
Serial bonds, due 2017, interest at 2.50%	90,000	265,000
Term bonds, due 2021 to 2032, interest from 3.125% to 4.625%	4,310,000	4,310,000
	4,400,000	4,575,000
Subtotal	88,030,000	88,760,000
Multi-Family Development Bonds:		
2010 Series 1:		
Serial bonds, due 2017 to 2021, interest from 3.20% to 4.25%	335,000	400,000
Term bonds, due 2025, interest at 4.75%	405,000	8,285,000
	740,000	8,685,000
2013 Series 1-AB:		
Serial bonds, due 2017 to 2023, interest from 1.35% to 2.85%	3,120,000	3,500,000
Term bonds, due 2027 to 2048, interest from 3.25% to 4.125%	30,905,000	30,905,000
	34,025,000	34,405,000
2013 Series 2-T:		
Serial bonds, due 2017 to 2023, interest from 1.551% to 3.218%	12,805,000	14,375,000
Term bonds, due 2027 to 2036, interest from 3.768% to 4.606%	36,725,000	36,725,000
	49,530,000	51,100,000
2013 Series 3-A:		
Term bonds, due 2016, interest at .85%	-	2,600,000
2013 Series 3-B:		
Serial bonds, due 2017 to 2024, interest from 1.35% to 3.85%	265,000	290,000
Term bonds, due 2028 to 2048, interest from 4.375% to 5.20%	1,485,000	2,195,000
	1,750,000	2,485,000
2013 Series 3-C:		
Term bonds, due 2028 to 2030, interest from 4.375% to 4.60%	8,795,000	8,795,000
2013 Series 3-D:		
Serial bonds, due 2017 to 2024, interest from 1.85% to 4.35%	3,420,000	4,045,000
Term bonds, due 2024 to 2028, interest from 4.00% to 4.80%	12,245,000	12,715,000
	15,665,000	16,760,000
2013 Series 4-T:		
Serial bonds, due 2017 to 2018, interest from 2.374% to 2.774%	410,000	1,075,000
Term bonds, due 2023 to 2028, interest from 4.207% to 5.107%	1,790,000	3,970,000
	2,200,000	5,045,000
2014 Series 2-T:		
Serial bonds, due 2017 to 2027, interest from 1.645% to 3.823%	16,030,000	17,400,000

2014 Series 3-A:		
Term bond, due 2018, interest of 1.35%	1,275,000	2,100,000
2014 Series 3-B:		
Serial bonds, due 2017 to 2025, interest from 1.00% to 2.95%	1,855,000	1,985,000
Term bonds, due 2029 to 2049, interest from 3.40% to 4.125%	13,715,000	13,715,000
	15,570,000	15,700,000
2016 Series 1-A:		
Term bonds, due 2044, interest from 0.80% to 1.05%	13,200,000	13,200,000
2016 Series 1-B:		
Serial bonds, due 2017 to 2026, interest from 0.625% to 2.650%	1,550,000	1,550,000
Term bonds, due 2031 to 2056, interest from 3.15% to 4.10%	15,350,000	15,350,000
	16,900,000	16,900,000
2016 Series 1-C:		
Serial bonds, due 2017 to 2026, interest from 0.75% to 3.00%	4,175,000	4,455,000
Term bonds, due 2031 to 2041, interest from 3.50% to 4.10%	15,170,000	15,170,000
	19,345,000	19,625,000
2017 Series 1-A:		
Term bonds, due 2047, interest from 1.60% to 1.70%	15,560,000	-
2017 Series 1-B:		
Term bonds, due 2052, interest at 4.20%	1,725,000	-
2017 Series 2-T:		
Serial bonds, due 2017 to 2028, interest from 1.25% to 3.639%	10,500,000	-
Term bonds, due 2032 interest at 4.069%	3,900,000	-
	14,400,000	-
2017 Series 3-T:		
Term bonds, due 2020, interest at 0.00%	7,600,000	-
Unamortized bond discount	(39,642)	(41,572)
Subtotal	234,270,358	214,758,428
Multi-Family Mortgage Revenue Bonds and Notes:		
Series 2006 (University Heights Project):		
Term bonds, due 2039, interest at variable rate	26,700,000	26,700,000
Series 2006 (Sutterfield Project):		
Term bonds, due 2039, interest at variable rate	7,000,000	7,000,000

Series 2006 (The Groves):		
Term bonds, due 2040, interest at variable rate	27,950,000	28,650,000
Series 2015 (Charles Place):		
Note payable, due 2045, interest at 4.16%	25,262,946	25,616,101
Series 2016 (EPN):		
Note payable, due 2049, interest at 4.07%	15,700,000	12,724,909
Note payable, due 2019, interest at variable rate	3,500,000	-
	19,200,000	12,724,909
Series 2017 (Colony House):		
Note payable, due 2050, interest at variable rate	13,864,500	-
Subtotal	119,977,446	100,691,010
Total Multi-Family Fund	472,606,180	469,878,570
Total Bonds and Notes Payable	$1,336,538,157	$1,326,562,054

On October 14, 2016, the Corporation refunded $156,000,000 of certain Homeownership Opportunity Bonds with an average interest rate of 4.64% by the issuance of $153,105,000 Homeownership Opportunity Bonds Series 68-A and 68-C dated October 14, 2016, with an average interest rate of 2.97%.

The Corporation refunded the following debt to reduce its total debt service payments over the next ten years by $7,155,163 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $12,739,532.

Homeownership Opportunity Bonds Payable	Date of Issue	Outstanding Principal Balance
Series 54	11/14/2006	$ 56,970,000
Series 55-A	03/01/2007	3,375,000
Series 55-B	03/01/2007	52,000,000
Series 56-A	06/21/2007	43,655,000
		$ 156,000,000

On April 27, 2017, the Corporation refunded $22,000,000 of certain Housing Bond Program bonds with an average interest rate of 4.95% by the issuance of $22,000,000 Multi-Family Development Bonds 2017 Series 2-T and 3-T dated April 27, 2017, with an average interest rate of 2.92%.

The Corporation refunded the following debt to reduce its total debt service payments over the next thirty-one years by $16,456,956 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $6,048,913.

Housing Bond Program Bonds Payable	Date of Issue	Outstanding Principal Balance	
Series 2007 A	05/10/2007	$	22,000,000

On May 16, 2016, the Corporation refunded $41,805,000 of certain Homeownership Opportunity Bonds with an average interest rate of 4.78% by the issuance of $41,015,000 Homeownership Opportunity Bonds Series 67-A and 67-C dated May 16, 2016, with an average interest rate of 3.03%.

The Corporation refunded the following debt to reduce its total debt service payments over the next twelve years by $5,275,768 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $4,595,411.

Homeownership Opportunity Bonds Payable	Date of Issue	Outstanding Principal Balance	
Series 53-A	09/13/2006	$	5,610,000
Series 53-B	09/13/2006		36,195,000
		$	41,805,000

On April 1, 2016, the Corporation refunded $19,625,000 of certain Housing Bond Program bonds with an average interest rate of 4.79% by the issuance of $19,625,000 Multi-Family Development Bonds 2016 Series 1-C dated March 31, 2016, with an average interest rate of 3.75%.

The Corporation refunded the following debt to reduce its total debt service payments over the next twelve years by $5,346,298 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $2,596,912.

Housing Bond Program Bonds Payable	Date of Issue	Outstanding Principal Balance	
Series 2006 A-1A	12/21/2006	$	19,625,000

On August 10, 2015 and October 1, 2015, the Corporation refunded $62,565,000 of certain Homeownership Opportunity Bonds with an average interest rate of 4.75% by the issuance of $60,000,000 Homeownership Opportunity Bonds Series 66-A1 and Series 66-C1 dated August 7, 2015, and 66-A2 and 66-C2 dated August 20, 2015, with an average interest rate of 3.42%.

The Corporation refunded the following debt to reduce its total debt service payments over the next twelve years by $9,301,345 and to obtain an economic gain (difference between present values of the debt service payments on the old and new debt) of $6,333,467.

Homeownership Opportunity Bonds Payable	Date of Issue		Outstanding Principal Balance
Series 51-A	01/19/2006	$	28,165,000
Series 51-B	01/19/2006		1,020,000
Series 52-A	06/15/2006		11,155,000
Series 52-B	06/15/2006		22,225,000
		$	62,565,000

The Operating Fund's lines of credit were established with financial institutions primarily to make funds available for the origination, or purchase from participating originating lenders, of single-family loans prior to the time such loans are funded by bond proceeds received by the issuance of bonds under the Single-Family Fund. At June 30, 2017, the Corporation may borrow up to a maximum of $110,000,000 under various revolving loan agreements expiring between August 2017 and January 2018. Borrowings under the lines of credit are payable on demand and are unsecured. One of the lines of credit, in the outstanding amount of $10,000,000, has a variable interest rate, which was 2.47% at June 30, 2017. The outstanding remaining lines of credit of $51,009,000 have fixed rates which range from 2.020% - 2.472% at June 30, 2017.

The schedule below includes amounts required for debt service sinking funds for each fiscal year relating to the respective bonds and notes as of June 30, 2017 (dollars in thousands):

	Operating Fund Bonds/Notes		Single-Family Fund Bonds		Multi-Family Fund Bonds/Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 66,523	$ 3,481	$ 28,125	$ 21,483	$ 9,425	$ 13,749
2019	5,000	3,199	34,975	20,440	9,280	13,615
2020	3,500	3,301	32,555	19,436	16,910	13,366
2021	-	3,218	33,830	18,475	9,715	13,066
2022	-	3,217	33,480	17,464	10,100	12,748
2023-2027	5,082	15,952	129,085	73,194	60,595	57,715
2028-2032	5,455	14,409	146,705	50,603	69,005	47,089
2033-2037	5,898	12,705	128,760	27,477	49,040	37,309
2038-2042	-	11,488	93,335	9,508	105,130	28,748
2043-2047	1,133	11,369	23,730	1,679	66,603	18,506
2048-2052	649	11,233	-	-	62,480	6,188
2053-2057	78,303	10,291	-		4,455	512
	$ 171,543	$ 103,863	$ 684,580	$ 259,759	$ 472,738	$ 262,611

Homeownership Opportunity Bonds Series 46-T, 48-T, and 63-T, and Housing Bonds 2001 Series B-2T, 2003 Series A-2T and 2003 Series B-2T bear interest at taxable rates established monthly or quarterly, which range from 1.37% - 1.95% at June 30, 2017. Homeownership Opportunity Bonds Series HOB 66-B and certain Multi-Family Mortgage Revenue Bonds bear interest at tax-exempt rates established weekly, which range from .848% - 1.61% at June 30, 2017.

Bonds and notes payable activity for the year ended June 30, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and notes payable:				
General obligation bonds	$ 5,000,000	$ -	$ -	$ 5,000,000
Unsecured notes	74,000,000	293,009,000	(306,000,000)	61,009,000
Secured notes	35,716,568	76,407,000	(6,590,319)	105,533,249
Revenue bonds	1,211,845,486	255,636,644	(302,486,222)	1,164,995,908
	$1,326,562,054	$ 625,052,644	$(615,076,541)	$1,336,538,157

Bonds and notes payable activity for the year ended June 30, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and notes payable:				
General obligation bonds	$ 5,000,000	$ -	$ -	$ 5,000,000
Unsecured notes	58,000,000	315,000,000	(299,000,000)	74,000,000
Secured notes	21,272,119	21,082,218	(6,637,769)	35,716,568
Revenue bonds	1,269,220,875	193,976,389	(251,351,778)	1,211,845,486
	$ 1,353,492,994	$ 530,058,607	$(556,989,547)	$1,326,562,054

7. Commitments and Contingencies

The Corporation is party to financial instruments with off-balance-sheet risk in connection with its commitments to provide financing. Such commitments expose the Corporation to credit risk in excess of the amounts recognized in the accompanying combining statements of net position. The Corporation's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of such instruments. The Corporation uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

Total credit exposure as a result of loan commitments at June 30, 2017, is as follows:

Operating Fund	$ 96,002,429
Single-Family Fund	46,583
Multi-Family Fund	650,000
Trust	667,194
Total	$ 97,366,206

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. The Corporation evaluates each borrower's creditworthiness on a case-by-case basis. Interest rates on approved loan commitments are principally fixed rates.

The Corporation has entered into contracts with multiple developments under the Neighborhood Opportunities Program to fund projects over the next seven years for a total of $4,470,136, subject to the availability of funds. As of June 30, 2017, $2,038,524 has been paid under these contracts.

The Corporation is party to certain claims and lawsuits which are being contested, certain of which Rhode Island Housing and respective legal counsel are unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss. In the opinion of management, the ultimate liability with respect to these actions and claims will not have a material adverse effect on either the financial position or the results of operations of Rhode Island Housing.

Rhode Island Housing is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which Rhode Island Housing carries commercial insurance. Neither Rhode Island Housing nor its insurers have settled any claims which exceeded Rhode Island Housing's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year. Rhode Island Housing also is self-insured for unemployment compensation, and no accrual has been recorded in the accompanying financial statements for claims expected to arise from services rendered on or before June 30, 2017, because Rhode Island Housing officials are of the opinion that, based on prior experience, such claims will not be material.

8. Derivative Instruments

In July 2013, the Corporation converted its loan funding platform from a mortgage revenue bond program to a program primarily financed through the sale of whole loans and mortgage-backed securities guaranteed by FNMA and GNMA as to timely payment of principal and interest. The securities represent pools of qualified first mortgage loans originated by Rhode Island Housing approved lenders. Under this program, the Corporation periodically enters into forward contracts to sell the securities to investors before the securities are ready for delivery (referred to as a "to-be-announced" or "TBA Mortgage-Backed Security Contract"). The Corporation enters into TBA Mortgage-Backed Security Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. TBA Mortgage-Backed Security Contracts are derivative instruments due to one or more of the following factors that are not designated at the time the Corporation and the investor enter into the transaction: settlement factors; the reference rates or interest rates the security will bear; and notional amounts in the form of the principal amount of the future Mortgage-Backed Securities. In addition, payment to Rhode Island Housing by the investor is not required until the investor receives the security, enabling the investor to take a position on interest rates without making a payment. Finally, the TBA Mortgage-Backed Security Contracts may be "net settled" because neither party is required to deliver or purchase an asset to settle the TBA Mortgage-Backed Securities Contract.

At June 30, 2017, TBA Mortgage-Backed Securities Contracts with a total notional amount of $51,920,000 and fair market values totaling $54,179,881 were outstanding, resulting in a hedging instrument of $2,259,881. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are included in the combining statements of net position as deferred outflows of resources. In addition, the Corporation entered into commitments to sell loans to Fannie Mae with a total notional amount of $15,655,000 and fair market values totaling $16,114,342, resulting in a hedging instrument of $459,342. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are also included in the combining statements of net position as deferred outflows of resources.

At June 30, 2016, TBA Mortgage-Backed Securities Contracts with a total notional amount of $38,463,348 and fair values totaling $40,701,103 were outstanding, resulting in a hedging instrument of $2,237,755. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are included in the combining statements of net position as deferred outflows of resources. In addition, the Corporation entered into commitments to sell loans to Fannie Mae with a total notional amount of $14,500,000 and fair values totaling $15,159,190, resulting in a hedging instrument of $659,190. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are also included in the combining statements of net position as deferred outflows of resources.

9. Employee Benefits

Employee Benefit Plan

The Corporation has adopted an employee retirement plan created in accordance with Internal Revenue Code Section 401(a). The Corporation’s 401(a) money Purchase Pension Plan (the Plan) is a defined contribution plan, administered by ICMA Retirement Corporation. Regular full-time employees who meet certain requirements as to length of service are eligible. The Corporation contributes a set percentage of an employee’s annual eligible compensation to the Plan. The contribution requirements, and benefit provisions, are established and may be amended by management of the Corporation along with the Board of Commissioners. Contributions to the Plan for the years ended June 30, 2017 and 2016, totaled $1,158,957 and $1,023,262, respectively. The assets of the Plan were placed under a separate trust agreement for the benefit of the applicable employees, and therefore are neither an asset nor a liability of the Corporation.

Post-employment Healthcare Plan

The Rhode Island Housing Retiree Healthcare Plan (RIHRHP) is a single-employer defined benefit healthcare plan administered by the Corporation. RIHRHP provides medical insurance benefits to eligible employees who retire from active full-time employment based on years of service and age. As of June 30, 2017, the plan included 27 retirees, 24 of which are receiving benefits, and 227 active employees. RIHRHP does not issue a stand-alone financial report.

The Corporation's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. For the years ended June 30, 2017 and 2016, plan members receiving benefits contributed $19,017 and $18,408, respectively, as their required contribution.

The annual OPEB cost and related information for the fiscal years ended June 30, 2017 and 2016, are as follows:

	2017	2016
Annual required contribution (ARC)	$ 645,430	$ 495,062
Interest on OPEB obligation	166,310	166,800
Adjustment to ARC	(162,014)	(154,540)
Annual OPEB cost	649,726	507,322
Net estimated employer contributions	(78,241)	(56,248)
Increase in net OPEB obligation	571,485	451,074
Net OPEB obligation, beginning of year	4,157,746	3,706,672
Net OPEB obligation, end of year	$ 4,729,231	$ 4,157,746
Percent of annual OPEB cost contributed	12.0%	11.1%

The net OPEB obligation is reported in accounts payable and accrued liabilities in the Corporation's combining statements of net position. The Corporation's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2017, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
June 30, 2015	$ 386,364	$ 31,777	8.2%	$ 3,706,672
June 30, 2016	507,322	56,248	11.1%	4,157,746
June 30, 2017	649,726	78,241	12.0%	4,729,231

Funding Status and Funding Progress:
Under the reporting parameters, the Corporation's retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by $5,680,026 as of June 30, 2017, the most recent valuation date. The ratio of the unfunded accrued liability to annual covered payroll of $11,969,192 is 47.5%.

Actuarial Methods and Assumptions

The Individual Entry Age Normal Cost Method is used to calculate the ARC for the Corporation's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the Corporation and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Corporation and the Corporation's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions included a 2.50% inflation rate, an investment rate of return of 4.00%, payroll growth of 3.00% and a 30-year open amortization period. The actuarial cost method used was the Individual Entry Age Normal Cost Method and the Level as a percentage of employee payroll was the amortization method used. The initial annual healthcare cost trend rate used (Pre-65) was 7.50%, declining to an ultimate rate of 4.75% after 13 years. The initial annual healthcare cost trend rate used (Post-65) was 5.75%, declining to an ultimate rate of 4.25% after 10 years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the Corporation's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

10. Subsequent Events

The Corporation has instructed its trustee to redeem the following bonds outstanding:

Date of Call	Principal Program	Outstanding
October 1, 2017	Homeownership Opportunity Bonds	$ 9,835,000
October 1, 2017	Home Funding Bonds	$ 8,885,000

The State of Rhode Island has requested that the Corporation provide financial assistance to the State for its general use in the amount of $1,000,000. As of June 30, 2017, the Corporation had not received a formal request as to the timing of this transfer.

Required Supplementary Information
Retiree Healthcare Benefit Plan
Schedule of Funding Progress
Year Ended June 30, 2017

Actuarial Valuation Date as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Ratio of UAAL to Annual Covered Payroll ((b-a)/c)
June 30, 2011	-	$ 2,764,235	$ 2,764,235	0%	$ 9,052,294	30.5%
June 30, 2014	-	3,352,085	3,352,085	0%	8,033,831	42.0%
June 30, 2017	-	5,680,026	5,680,026	0%	11,969,192	47.5%

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Single-Family Fund
June 30, 2017 and 2016

	Homeownership Opportunity Bond Program		Home Funding Bond Program	
	2017	**2016**	**2017**	**2016**
Assets				
Loans receivable	$ 640,098,096	$ 667,830,730	$ 39,297,696	$ 48,141,799
Less allowance for loan losses	(10,000,000)	(11,000,000)	-	-
Loans receivable, net	630,098,096	656,830,730	39,297,696	48,141,799
Investments	12,658,219	17,028,915	65,587,538	80,705,224
Accrued interest-loans	2,166,430	2,349,652	130,490	161,762
Accrued interest-investments	83,970	101,209	205,771	242,352
Cash and cash equivalents	65,825,584	53,020,322	15,237,840	10,673,274
Other assets, net	3,233,530	9,481,328	253,822	1,050,230
Interfund receivable (payable)	-	(125,234)	18,597	18,597
Total assets	**714,065,829**	**738,686,922**	**120,731,754**	**140,993,238**
Deferred Outflows of Resources				
Loan origination costs	4,757	5,014	-	-
Total deferred outflows of resources	**4,757**	**5,014**	**-**	**-**
Combined Assets and Deferred Outflows of Resources	**$ 714,070,586**	**$ 738,691,936**	**$ 120,731,754**	**$ 140,993,238**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 579,196,155	$ 611,704,448	$ 113,193,573	$ 130,262,468
Accrued interest payable on bonds and notes	4,675,978	5,290,453	933,918	1,044,586
Fees, net	166,467	188,415	-	-
Total liabilities	**584,038,600**	**617,183,316**	**114,127,491**	**131,307,054**
Net Position				
Net position, restricted	130,031,986	121,508,620	6,604,263	9,686,184
Total Liabilities and Net Position	**$ 714,070,586**	**$ 738,691,936**	**$ 120,731,754**	**$ 140,993,238**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Single-Family Fund
June 30, 2017 and 2016

	Single-Family Fund Totals	
	2017	**2016**
Assets		
Loans receivable	$ 679,395,792	$ 715,972,529
Less allowance for loan losses	(10,000,000)	(11,000,000)
Loans receivable, net	669,395,792	704,972,529
Investments	78,245,757	97,734,139
Accrued interest-loans	2,296,920	2,511,414
Accrued interest-investments	289,741	343,561
Cash and cash equivalents	81,063,424	63,693,596
Other assets, net	3,487,352	10,531,558
Interfund receivable (payable)	18,597	(106,637)
Total assets	**834,797,583**	**879,680,160**
Deferred Outflows of Resources		
Loan origination costs	4,757	5,014
Total deferred outflows of resources	**4,757**	**5,014**
Combined Assets and Deferred Outflows of Resources	**$ 834,802,340**	**$ 879,685,174**
Liabilities and Net Position		
Liabilities		
Bonds and notes payable	$ 692,389,728	$ 741,966,916
Accrued interest payable on bonds and notes	5,609,896	6,335,039
Fees, net	166,467	188,415
Total liabilities	**698,166,091**	**748,490,370**
Net Position		
Net position, restricted	136,636,249	131,194,804
Total Liabilities and Net Position	**$ 834,802,340**	**$ 879,685,174**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Single-Family Fund
For the Years Ended June 30, 2017 and 2016

	Homeownership Opportunity Bond Program		Home Funding Bond Program	
	2017	**2016**	**2017**	**2016**
Operating revenues:				
Interest income on loans	$ 29,394,440	$ 31,550,569	$ 1,771,369	$ 2,046,667
Earnings on investments:				
Interest on investments	938,945	874,341	2,872,925	3,358,754
Net decrease in fair value of investments	(455,188)	(25,334)	(2,219,550)	(328,784)
Total operating revenues	**29,878,197**	**32,399,576**	**2,424,744**	**5,076,637**
Operating expenses:				
Interest expense	19,186,911	24,065,396	3,719,577	4,298,152
Housing initiatives	-	939	-	-
Provision for loan losses	62,706	6,200,000	-	-
REO expenditures	802,606	1,077,533	(18,000)	(5,835)
Arbitrage rebate	-	(181,723)	-	-
Bond issuance costs	1,300,895	1,236,681	-	-
Depreciation and amortization of other assets	2,256	2,949	5,088	6,565
Loan costs	257	257	-	-
Total operating expenses	**21,355,631**	**32,402,032**	**3,706,665**	**4,298,882**
Operating income (loss)	**8,522,566**	**(2,456)**	**(1,281,921)**	**777,755**
Transfers in (out)	800	3,838,995	(1,800,000)	(2,400,000)
Total change in net position	**8,523,366**	**3,836,539**	**(3,081,921)**	**(1,622,245)**
Net position, beginning of year	121,508,620	117,672,081	9,686,184	11,308,429
Net position, end of year	$ 130,031,986	$ 121,508,620	$ 6,604,263	$ 9,686,184

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Single-Family Fund
For the Years Ended June 30, 2017 and 2016

	Single-Family Fund Total	
	2017	**2016**
Operating revenues:		
Interest income on loans	$ 31,165,809	$ 33,597,236
Earnings on investments:		
Interest on investments	3,811,870	4,233,095
Net decrease in fair value of investments	(2,674,738)	(354,118)
Total operating revenues	**32,302,941**	**37,476,213**
Operating expenses:		
Interest expense	22,906,488	28,363,548
Housing initiatives	-	939
Provision for loan losses	62,706	6,200,000
REO expenditures	784,606	1,071,698
Arbitrage rebate	-	(181,723)
Bond issuance costs	1,300,895	1,236,681
Depreciation and amortization of other assets	7,344	9,514
Loan costs	257	257
Total operating expenses	**25,062,296**	**36,700,914**
Operating income	**7,240,645**	**775,299**
Transfers in (out)	(1,799,200)	1,438,995
Total change in net position	**5,441,445**	**2,214,294**
Net position, beginning of year	131,194,804	128,980,510
Net position, end of year	$ 136,636,249	$ 131,194,804

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Multi-Family Fund
June 30, 2017 and 2016

	Multi-Family Housing Bond Program		Housing Bond Program	
	2017	**2016**	**2017**	**2016**
Assets				
Loans receivable	$ -	$ 866,013	$ 33,287,247	$ 66,683,317
Less allowance for loan losses	-	-	-	-
Loans receivable, net	-	866,013	33,287,247	66,683,317
Investments	-	17,911,140	2,295,005	2,888,874
Accrued interest-loans	-	5,557	210,880	427,913
Accrued interest-investments	1,618	9,952	88,773	59,929
Cash and cash equivalents	-	2,500,987	5,751,299	10,761,092
Accounts receivable, net	-	-	-	-
Interfund receivable (payable)	-	-	-	-
Total assets	**1,618**	**21,293,649**	**41,633,204**	**80,821,125**
Deferred Outflows of Resources				
Loan origination costs	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 1,618**	**$ 21,293,649**	**$ 41,633,204**	**$ 80,821,125**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ -	$ 630,000	$ 30,328,376	$ 65,039,132
Accrued interest payable on bonds and notes	-	17,997	72,707	480,045
Accounts payable and accrued liabilities	-	-	-	233,511
Escrow deposits	-	-	-	-
Total liabilities	**-**	**647,997**	**30,401,083**	**65,752,688**
Net Position				
Net position, restricted	1,618	20,645,652	11,232,121	15,068,437
Total Liabilities and Net Position	**$ 1,618**	**$ 21,293,649**	**$ 41,633,204**	**$ 80,821,125**

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position - Multi-Family Fund
June 30, 2017 and 2016

	Multi-Family Mortgage Revenue Bond		Multi-Family Funding Bond Program	
	2017	**2016**	**2017**	**2016**
Assets				
Loans receivable	$ 117,623,163	$ 100,691,010	$ 88,088,738	$ 88,812,014
Less allowance for loan losses	-	-	-	-
Loans receivable, net	117,623,163	100,691,010	88,088,738	88,812,014
Investments	-	-	-	-
Accrued interest-loans	170,487	71,875	468,905	472,758
Accrued interest-investments	-	-	-	-
Cash and cash equivalents	6,453,349	3,716,515	8,596,534	8,251,941
Accounts receivable, net	-	-	-	-
Interfund receivable (payable)	-	-	-	-
Total assets	**124,246,999**	**104,479,400**	**97,154,177**	**97,536,713**
Deferred Outflows of Resources				
Loan origination costs	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 124,246,999**	**$ 104,479,400**	**$ 97,154,177**	**$ 97,536,713**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 119,977,446	$ 100,691,010	$ 88,030,000	$ 88,760,000
Accrued interest payable on bonds and notes	230,309	164,549	733,231	738,240
Accounts payable and accrued liabilities	-	-	-	-
Escrow deposits	4,104,838	3,722,587	-	-
Total liabilities	**124,312,593**	**104,578,146**	**88,763,231**	**89,498,240**
Net Position				
Net position, restricted	(65,594)	(98,746)	8,390,946	8,038,473
Total Liabilities and Net Position	**$ 124,246,999**	**$ 104,479,400**	**$ 97,154,177**	**$ 97,536,713**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Net Position
June 30, 2017 and 2016

	Multi-Family Development Bonds		Multi-Family Fund Total	
	2017	2016	2017	2016
Assets				
Loans receivable	$ 241,069,028	$ 213,499,715	$ 480,068,176	$ 470,552,069
Less allowance for loan losses	-	-	-	-
Loans receivable, net	241,069,028	213,499,715	480,068,176	470,552,069
Investments	2,972,080	3,138,459	5,267,085	23,938,473
Accrued interest-loans	1,303,862	1,121,939	2,154,134	2,100,042
Accrued interest-investments	8,627	9,971	99,018	79,852
Cash and cash equivalents	34,637,940	33,296,261	55,439,122	58,526,796
Accounts receivable, net	-	-	-	-
Interfund receivable (payable)	-	(2,600,000)	-	(2,600,000)
Total assets	**279,991,537**	**248,466,345**	**543,027,535**	**552,597,232**
Deferred Outflows of Resources				
Loan origination costs	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Combined Assets and Deferred Outflows of Resources	**$ 279,991,537**	**$ 248,466,345**	**$ 543,027,535**	**$ 552,597,232**
Liabilities and Net Position				
Liabilities				
Bonds and notes payable	$ 234,270,358	$ 214,758,428	$ 472,606,180	$ 469,878,570
Accrued interest payable on bonds and notes	1,854,802	1,906,484	2,891,049	3,307,315
Accounts payable and accrued liabilities	167,102	282,517	167,102	516,028
Escrow deposits	-	-	4,104,838	3,722,587
Total liabilities	**236,292,262**	**216,947,429**	**479,769,169**	**477,424,500**
Net Position				
Net position, restricted	43,699,275	31,518,916	63,258,366	75,172,732
Total Liabilities and Net Position	**$ 279,991,537**	**$ 248,466,345**	**$ 543,027,535**	**$ 552,597,232**

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Years Ended June 30, 2017 and 2016

	Multi-Family Housing Bond Program		Housing Bond Program	
	2017	2016	2017	2016
Operating revenues:				
Interest income on loans	$ 45,785	$ 67,542	$ 4,121,344	$ 5,478,048
Earnings on investments:				
Interest on investments	1,124,170	1,121,995	225,382	263,713
Net increase (decrease) in fair value of investments	-	-	(147,042)	(362,920)
Total operating revenues	**1,169,955**	**1,189,537**	**4,199,684**	**5,378,841**
Operating expenses:				
Interest expense	21,597	35,994	1,682,618	2,616,130
Other administrative expenses	579	579	59,216	69,876
Arbitrage rebate	-	(11,893)	(233,511)	(363,560)
Bond issuance costs	-	-	-	-
Loan costs	18,556	45,699	539,652	556,937
Total operating expenses	**40,732**	**70,379**	**2,047,975**	**2,879,383**
Operating income	**1,129,223**	**1,119,158**	**2,151,709**	**2,499,458**
Transfers in (out)	(21,773,257)	45,699	(5,988,025)	(983,097)
Total change in net position	**(20,644,034)**	**1,164,857**	**(3,836,316)**	**1,516,361**
Net position, beginning of year	20,645,652	19,480,795	15,068,437	13,552,076
Net position, end of year	$ 1,618	$ 20,645,652	$ 11,232,121	$ 15,068,437

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Years Ended June 30, 2017 and 2016

	Multi-Family Mortgage Revenue Bond Program		Multi-Family Funding Bond Program	
	2017	**2016**	**2017**	**2016**
Operating revenues:				
Interest income on loans	$ 2,608,783	$ 1,452,721	$ 5,648,296	$ 5,693,206
Earnings on investments:				
Interest on investments	9	-	32,390	10,058
Net increase (decrease) in fair value of investments	-	-	-	-
Total operating revenues	**2,608,792**	**1,452,721**	**5,680,686**	**5,703,264**
Operating expenses:				
Interest expense	2,275,134	1,303,028	2,945,713	2,964,175
Other administrative expenses	-	-	-	-
Arbitrage rebate	-	-	-	-
Bond issuance costs	-	-	-	-
Loan costs	-	-	143,350	118,968
Total operating expenses	**2,275,134**	**1,303,028**	**3,089,063**	**3,083,143**
Operating income	**333,658**	**149,693**	**2,591,623**	**2,620,121**
Transfers in (out)	(300,506)	(256,542)	(2,239,150)	(2,281,032)
Total change in net position	**33,152**	**(106,849)**	**352,473**	**339,089**
Net position, beginning of year	(98,746)	8,103	8,038,473	7,699,384
Net position, end of year	$ (65,594)	$ (98,746)	$ 8,390,946	$ 8,038,473

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A Component Unit of the State of Rhode Island)
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund
For the Years Ended June 30, 2017 and 2016

	Multi-Family Development Bonds		Multi-Family Fund Total	
	2017	**2016**	**2017**	**2016**
Operating revenues:				
Interest income on loans	$ 13,235,757	$ 12,961,043	$ 25,659,965	$ 25,652,560
Earnings on investments:				
Interest on investments	268,893	104,926	1,650,844	1,500,692
Net increase (decrease) in fair value of investments	(165,393)	309,584	(312,435)	(53,336)
Total operating revenues	**13,339,257**	**13,375,553**	**26,998,374**	**27,099,916**
Operating expenses:				
Interest expense	7,348,807	6,664,600	14,273,869	13,583,927
Other administrative expenses	-	-	59,795	70,455
Arbitrage rebate	(115,415)	157,529	(348,926)	(217,924)
Bond issuance costs	231,000	291,780	231,000	291,780
Loan costs	111,765	111,879	813,323	833,483
Total operating expenses	**7,576,157**	**7,225,788**	**15,029,061**	**14,561,721**
Operating income	**5,763,100**	**6,149,765**	**11,969,313**	**12,538,195**
Transfers in (out)	6,417,259	3,690,082	(23,883,679)	215,110
Total change in net position	**12,180,359**	**9,839,847**	**(11,914,366)**	**12,753,305**
Net position, beginning of year	31,518,916	21,679,069	75,172,732	62,419,427
Net position, end of year	$ 43,699,275	$ 31,518,916	$ 63,258,366	$ 75,172,732

(Continued)