WHEDA FINANCIALS

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the Fiscal Years ended June 30, 2020 and 2019 (millions of dollars)

	2020	2019	Favorable/Unfavorable Amount	%
Mortgage income	62.8	64.3	(1.5)	(2.3)
Mortgage-backed investment income (net)	82.5	71.6	10.9	15.2
Investment income (net)	12.6	14.2	(1.6)	(11.3)
Interest expense and debt financing costs	(59.1)	(51.6)	(7.5)	(14.5)
Net Interest Income	**98.7**	**98.5**	**0.3**	**0.3**
Mortgage service fees	8.4	7.6	0.8	10.5
Pass-through subsidy revenue	194.0	186.3	7.7	4.1
Grant Income	4.8	3.3	1.5	45.5
Other	18.3	20.9	(2.6)	(12.4)
Net Interest and Other Income	**324.3**	**316.6**	**7.7**	**2.4**
Direct loan program expense	15.0	19.1	4.1	21.5
Pass-through subsidy expense	194.0	186.3	(7.7)	(4.1)
Grants and services	2.5	1.3	(1.2)	(92.3)
General and administrative expenses	21.7	22.1	0.4	1.8
Other expense	0.1	0.5	0.4	80.0
Change in Net Position	**91.0**	**87.3**	**3.7**	**4.2**
Net position, beginning of year	**844.3**	**757.0**	**87.3**	**11.5**
Net position, end of year	**935.3**	**844.3**	**91.0**	**10.8**

Schedule may not foot due to rounding

Net Interest Income held steady during fiscal 2020 to finish the year at $98.7 million. While there was growth in the mortgage backed securities portfolio, the increased revenue was largely offset by increased debt interest and issuance expenses. *Governmental Accounting Standard Board Statement No. 31* requires that the Authority periodically adjust the investments to reflect current market value. The cumulative adjustment for fiscal year 2020 was a write-up of $46.0 million. While the Authority doesn't intend to actually realize these gains, the adjustment can lead to significant swings in the recorded value of the portfolio. Mortgage income from the Authority's traditional mortgages dropped by $1.5 million during 2020 due largely to lower than expected interest rates which lead to a significant increase the level of prepayments.

Direct loan program expense dropped by 21.5% or $4.1 million during 2020. MBS origination fees paid to lenders decreased by $2.1 million which is a reflection of decreased volume in the MBS investment portfolio. A significant decrease in the loan loss provision was the other primary contributing factor to the reduction in expenses in this area during the year.

Pass-through subsidy revenue and expense represent subsidy proceeds and other financial assistance received by the Authority and transferred to or spent on behalf of secondary projects. Revenues and expenses of the pass-through subsidy programs are equal resulting in a net effect, on the Authority's financial statements, of zero.