

Statements of Revenues, Expenses and Change in Net Position

For the Fiscal Years Ended June 30, 2022 and 2021 (millions of dollars)

The Authority reported a change in net position of (\$87.7) million for the fiscal year ended June 30, 2022. The following table summarizes the Statements of Revenues, Expenses and Change in Net Position of the Authority for the fiscal years ended June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>	Favorable/ (Unfavorable)	
			<u>Amount</u>	<u>%</u>
Mortgage income	\$57.1	\$62.1	\$(5.0)	(8.1)
Mortgage-backed investment income (net)	(99.1)	20.5	(119.6)	(583.5)
Investment income (net)	5.7	7.0	(1.3)	(18.4)
Interest expense and debt financing costs	<u>(46.3)</u>	<u>(51.9)</u>	<u>5.6</u>	10.8
Net Interest Income (Loss)	(82.6)	37.7	\$(120.3)	(120.3)
Mortgage service fees	8.0	7.4	0.6	8.1
Pass-through subsidy revenue	203.9	196.0	7.9	4.0
Grant Income	4.6	5.3	(0.7)	(13.2)
Other	<u>16.7</u>	<u>17.2</u>	<u>(0.5)</u>	(2.9)
Net Interest And Other Income	150.6	263.6	(113.0)	(42.9)
Direct loan program expense	10.3	16.8	6.5	38.7
Pass-through subsidy expense	203.9	196.0	(7.9)	(4.0)
Grants and services	1.2	1.1	(0.1)	(9.1)
General and administrative expenses	22.8	22.8	0.0	0.0
Other expense	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	0.0
Change in Net Position	(87.7)	26.8	(114.5)	(427.2)
Net Position, Beginning of Year	<u>962.1</u>	<u>935.3</u>	<u>26.8</u>	2.9
Net Position, End of Year	<u>874.4</u>	<u>962.1</u>	<u>(87.7)</u>	(9.1)

Schedule may not foot due to rounding

Net Interest Income (Loss) ended the fiscal year at (\$82.6) million. While both the mortgage-backed securities and traditional mortgage portfolios contracted, the decline was driven by the mark to market adjustment of the mortgage-backed security balances. *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 2022 was a write-down of \$129.2 million. As a point of comparison, the write-down in fiscal year 2021 was \$12.8 million. While the Authority doesn't intend to actually realize these losses, the adjustment can lead to significant swings in the recorded value of the portfolio.

Direct loan program expense decreased by 38.7% or \$6.5 million during 2022. A lower loan loss provision was the primary contributing factor to the decline in expenses for the fiscal year ended June 30.

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.