



Vermont
Housing &
Conservation
Board

VERMONT HOUSING &
CONSERVATION BOARD

(A Component Unit of
the State of Vermont)

Financial Statements

Year Ending June 30, 2021
(with Independent Auditors' Report thereon)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Vermont Housing & Conservation Board

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vermont Housing & Conservation Board, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Vermont Housing & Conservation Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Vermont Housing & Conservation Board's 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.

Auditors' 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 auditors' 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

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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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.

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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vermont Housing & Conservation Board, as of June 30, 2021 and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vermont Housing & Conservation Board's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards



generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021 on our consideration of Vermont Housing & Conservation Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Vermont Housing & Conservation Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vermont Housing & Conservation Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
November 1, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Vermont Housing & Conservation Board (VHCB), provides this narrative overview and analysis of the financial activities of VHCB for the year ended June 30, 2021.

Overview of VHCB

VHCB is a public instrumentality of the State of Vermont, established in 1987 with the purpose of improving the quality of life for Vermonters by implementing the dual goals of creating and preserving "affordable housing for Vermonters, and conserving and protecting Vermont's agricultural land, forestland, historic properties, important natural areas, and recreational lands." VHCB makes grants and loans to a variety of nonprofit organizations, including community land trusts, housing development organizations, conservation groups, municipalities, and qualifying state agencies. VHCB administers several programs that contribute to the success of its mission such as the Healthy and Lead Safe Homes program, the AmeriCorps program with statewide participation, the Farm and Forest Viability program, and technical assistance in various forms to aid organizations developing and stewarding projects.

VHCB Funding and Award Process

VHCB is funded primarily with state and federal funds. VHCB's primary state funding originates from the State of Vermont's Property Transfer Tax (PTT). By statute, VHCB is to receive 50% of the PTT revenue, calculated after various deductions. Notwithstanding the statutory language, the General Assembly may choose to appropriate an amount smaller than the statutory number to provide the State's general fund additional revenue to meet budgetary constraints. In some years, the PTT is then supplemented with other funding, such as capital bond proceeds. Funds that originate from sources other than the federal or state government include: loan repayments, interest earnings, and grants or contributions from miscellaneous entities.

VHCB regularly administers and operates several recurring federal grants and programs that complement both the housing and conservation aspects of VHCB's mission. They include: U.S. Department of Housing and Urban Development (HUD) funds for HOME, National Housing Trust Fund, Housing Opportunities for Persons with Aids, Healthy and Lead Safe Homes program, U.S. Department of Agriculture (USDA) Natural Resources Conservation Service Agricultural Conservation Easement Program, and an AmeriCorps program. In fiscal year 2021, VHCB administered a large grant of the US Treasury Coronavirus Relief Funds (CRF) as a subrecipient of the State of Vermont. VHCB has received funding from a number of other programs including USDA Rural Development and the Northern Border Regional Commission, particularly in support of its Farm and Forest Viability Program.

VHCB's Board meets approximately six times during each year to make awards for affordable housing and conservation projects. Actual disbursement of the awards may occur over the course of several years, dependent upon the nature of the project and satisfaction of award conditions.

The status of project awards is accounted for within VHCB's financial system and database. Awards of resources on hand are recorded in the financial statements when VHCB takes an action that will result in the execution of a grant, loan, or contract. Fund Balance – Restricted for Project Awards represents the outstanding balance of project awards not yet disbursed. When the Board awards federal funds or anticipated future resources, these awards are tracked in the same manner as other awards, but not recognized in the accompanying financial statements, as they are commitments of resources not on hand, such as reimbursable federal grants.

Financial Highlights

COVID

Fiscal year 2021 was a year that was significantly impacted by the Coronavirus pandemic, and VHCB worked closely with the State of Vermont, housing & conservation partners, and businesses affected by the Pandemic to mitigate the negative impacts on Vermonters.

Federal COVID relief funding (CRF) in the amount of \$32.5 million was awarded to VHCB early in the year. These funds were used to provide grants to nonprofit housing partners and service organizations to provide safe shelter and assistance for persons who are, or are at risk of, experiencing homelessness. VHCB's awards provided assistance for 235 units to serve this at-risk population.

One Time Supplemental Appropriations

In addition to the COVID Relief Funds, in June of 2021, VHCB received State supplemental appropriations of \$10 million for providing for relief from homelessness, and \$50,000 for forest and farm business assistance.

Property Transfer Tax

In fiscal year 2021, VHCB received a net amount of \$10,580,695 in Property Transfer Tax (PTT) revenues, a slight decrease of \$224,000 from fiscal year 2020. This amount is net of VHCB's share of the Housing Revenue Bond debt service payment of \$1.5 million. Had VHCB received its full statutory share of the PTT, that figure would have been \$34,986,000. The difference between the appropriated amount and the statutory figure is retained by the State of Vermont General Fund to be used elsewhere in the state budget. The original reason for relating the PTT to VHCB funding was to be able to have access to greater resources as real estate market pressures on housing and land values increased. The recent increase in real estate values during the pandemic has resulted in an ever tightening market with consequent competition negatively affecting affordability.

Housing for All Revenue Bond (HRB)

The HRB was a one-time source of funding for the development of affordable housing. As a result of State of Vermont Act 85, 2017, the HRB was issued by the Vermont Housing Finance Agency in January of 2018. The proceeds of approximately \$37 million were made available for VHCB to fund an increase in rental housing and home ownership opportunities for low and moderate-income Vermonters. As of June 30, 2021, VHCB had awarded all \$37 million in HRB funds for 843 new apartments and homes including 60 home accessibility improvements, and disbursed \$31.2

million. Annual debt service for the HRB of \$2.5 million will be covered by the State of Vermont, with annual revenue from the State's Property Transfer Tax over 20 years, ending in 2039. \$1.5 million of the annual debt service payment will come from VHCB's appropriation of Property Transfer Tax.

Capital Bond

To supplement fiscal year 2021 PTT revenues, VHCB received the Capital Bond Appropriations totaling \$6,600,000. Before the State deduction for bond issuance costs, the following amounts were available for designated purposes:

- Housing & Conservation \$3,800,000
- Conservation and Water Quality \$1,700,000
- Water Quality Improvement Grants and Farm Retirement Projects \$1,100,000

The combined appropriations available for core mission provided total revenues of \$16,080,695, representing 46% of statutory funding.

Federal Resources

VHCB administers many of the same federal programs as in prior years, though amounts available have varied. A continued trend of increasing federal regulations over grant administration has also put pressure on VHCB by requiring a larger utilization of state resources to assure appropriate program management compliance.

Awards

In fiscal year 2021, the Board approved total new awards of \$31,519,100. These awards will assist in developing 921 units of affordable housing; conserving 21 farms consisting of 3,684 acres; protecting 2,421 acres of natural areas and recreational lands, and 2 historic properties. In addition, numerous awards have been made to carry out the work of the Farm and Forest Viability Program, Healthy and Lead Safe Housing Program, and the HOPWA Program.

VHCB Operations Budget

Within the operations budget, VHCB manages both the administrative costs associated with carrying out the activities of VHCB, as well as the direct staff and related costs of running several programs. The portion of the operations budget representing administrative expenditures represents approximately 5% of overall organizational expenditures, consistent with prior years. The portion of operating expenditures supported with foundation/federal funds was 32%. Comparison of actual operating expenditures to the budget in fiscal year 2021 resulted in a favorable variance, with costs falling 5% below the approved budget.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of four components: (1) government-

wide financial statements, (2) governmental fund financial statements, (3) notes to financial statements, and (4) required supplementary information.

The government-wide format presents VHCB’s financials in the aggregate using the full accrual method of accounting, and an economic resource measurement focus, whereas the fund financial statements present the major funds of VHCB, using the modified accrual method of accounting, and a focus on the current financial resources available.

The two presentations have significant differences. The reader should be aware of these prior to using the information for analysis. The government-wide financial statements will be the most familiar for readers versed in private sector financial reporting. The fund financials are more reflective of how governmental entities maintain their financial records, with a self-balancing fund for each major activity, though excluding noncurrent assets and long-term liabilities. Reconciliations are included with the financial statements which explain the differences in presentation between the fund financial statements and the government-wide financial statements.

The following table summarizes the major attributes of the basic financial statements, and highlights the differences between the two presentations:

Financial Statement Attributes:	Government-wide Financial Statements (pages 14-15)	Governmental Funds Statements (pages 16, 18)
Required financial statements:	Statement of Net Position and Statement of Activities	Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances
Presentation:	Aggregated	By major fund
Basis of accounting:	Full accrual	Modified accrual
Measurement focus:	Economic resources focus	Current financial resources focus
Assets reported:	All short-term and long-term assets	- Only current assets expected to be available for the subsequent year (no long-term loans receivable); - No capital assets included
Liabilities reported:	All short-term and long-term liabilities	Only liabilities that come due during the coming year
Type of inflow/outflow information:	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-Wide Financial Statements

VHCB's government-wide financial statements are designed to present an aggregated view of VHCB's operations and financial position in a manner similar to the accounting principles used by most private-sector businesses.

The government-wide statements contain both short-term and long-term information about VHCB's financial position and may assist in assessing VHCB's economic condition at the end of each fiscal year. VHCB prepares these statements using the "flow of economic resources" measurement focus and the accrual basis of accounting. This presentation takes into account all financial activity connected with the reported fiscal year including revenues, expenses, transfers, sales or acquisitions of capital assets, and any other activity affecting the financial condition of VHCB.

The government-wide financial statements are comprised of two statements:

The Statement of Net Position presents a snapshot of VHCB's assets and liabilities and deferred outflows and deferred inflows, as of year-end, with the difference between assets and deferred outflows, and liabilities and deferred inflows reported as "net position".

The Statement of Activities presents the reported year's financial activity and the nature of the changes in net position included in the Statement of Net Position. All financial activities are recognized as soon as the underlying event(s) occur, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will not result in cash flows until future fiscal periods. This statement also presents the relationship between VHCB's major expenditure functions and the associated sources of revenues, as presented on the accrual basis of accounting. The reader should be aware that the expenses reflected in this statement do not include awards disbursed in the form of loans as is demonstrated in the expenditures reported in the fund financial statements. Given that loans are a significant portion of VHCB's activities, VHCB feels that the fund financial statements presentation is a more meaningful representation of award activity.

Governmental Funds Statements

The fund financial statements are presented to demonstrate the activities of VHCB and compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

This presentation represents the "flow of current financial resources" measurement focus and the modified accrual basis of accounting. These statements provide a short-term view of VHCB's finances and exclude noncurrent assets and long-term liabilities. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of current spendable resources available at the end of the fiscal year.

Due to the focus on current financial resources, only the current portion of loans receivable are reported on the Balance Sheet. This is a significant difference from the Statement of Net Position, where all loans are reported. Fund financial statements are utilized by management, funders, and the Board of Directors during the year to account and report upon restricted resources, determine fiscal health, analyze, and plan. VHCB functions primarily as a funding agency in carrying out its mission. The governmental funds format provides a clearer representation of its activities, by including the funding sources of VHCB awards and the nature in which the awards were disbursed, either in the form of grants or loans. Note 6 provides an explanation of loans receivable.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	Governmental Activities		Percent Change
	<u>2021</u>	<u>2020</u>	
Assets:			
Current and other assets	\$ 293,612,486	\$ 275,438,130	7%
Capital assets	<u>248,726</u>	<u>283,785</u>	-12%
Total assets	<u>\$ 293,861,212</u>	<u>\$ 275,721,915</u>	<u>7%</u>
Liabilities:			
Other liabilities	\$ 2,742,146	\$ 2,448,092	12%
Long-term liabilities	<u>546,695</u>	<u>546,695</u>	0%
Total liabilities	3,288,841	2,994,787	10%
Net position:			
Net investment in capital assets	248,726	283,785	-12%
Restricted	<u>290,323,645</u>	<u>272,443,343</u>	7%
Total net position	<u>290,572,371</u>	<u>272,727,128</u>	7%
Total liabilities and net position	<u>\$ 293,861,212</u>	<u>\$ 275,721,915</u>	<u>7%</u>

CHANGE IN NET POSITION

	Governmental <u>Activities</u>		Percent <u>Change</u>
	<u>2021</u>	<u>2020</u>	
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 44,825,131	\$ 11,646,097	285%
General revenues:			
Property transfer tax	10,580,695	10,804,840	-2%
State appropriations	16,645,792	5,043,170	230%
Loan interest income	460,369	1,277,285	-64%
Interest income	66,491	524,523	-87%
Miscellaneous	49,082	62,247	-21%
Total revenues	<u>72,627,560</u>	<u>29,358,162</u>	147%
Expenses:			
Conservation - federally funded	2,741,300	3,282,291	-16%
Conservation - non-federally funded	7,991,164	8,761,692	-9%
Housing - federally funded	34,389,399	1,716,067	1904%
Housing - non-federally funded	7,864,885	6,693,695	17%
Healthy and lead safe homes	771,944	504,448	53%
AmeriCorps	988,566	923,759	7%
Depreciation	35,059	36,967	-5%
Total expenses	<u>54,782,317</u>	<u>21,918,919</u>	150%
Change in net position	17,845,243	7,439,243	140%
Net position - beginning of year	<u>272,727,128</u>	<u>265,287,885</u>	3%
Net position - end of year	<u>\$ 290,572,371</u>	<u>\$ 272,727,128</u>	7%

The analysis of the Statement of Net Position and the Statement of Activities takes into account the following:

- All reporting is impacted by the status of the Board's awards/commitments and the disbursements thereof. The timing of each project's closing, and single or multiple disbursements is unique, and in many cases crosses fiscal years, cumulatively affects cash balances, loans receivable, restricted net position, and expenses in a given year. The flow of those transactions is not cyclical, and therefore makes the meaningful comparison of year-end reporting challenging.

- The disbursements of housing awards are often in the form of a loan. For this presentation, disbursements of loans will only impact the Statement of Net Position, and not be included in expenses reported for housing programs on the Statement of Activities.

Statement of Net Position

At the close of the fiscal year ended June 30, 2021, current assets were higher than the prior year by 7%. This increase in current assets was a result of the \$10 million supplemental appropriation provided to VHCB in June of 2021, offset by lower cash balances of the HRB funds at year-end.

Non-current assets are up by 4%, as loans receivable have increased for housing projects funded with federal, VHCB, and HRB funds.

Total liabilities have increased by 10%, as an increase in VHCB's liability to the State of Vermont exists, pending receipt of federal funds on a project.

The Net position has increased by 7%, a combination of the \$10 million June appropriation, and increase in loans receivable.

Statement of Activities

Revenues - Overall revenues increased from the prior year by 147%. Details are noted below:

- Federal CRF revenues were earned in the amount of \$32,534,415;
- A \$10 million supplemental appropriation was received in June;
- Loan interest is down due to an adjustment to accrued interest;
- Interest income is down 87%, a result of the HRB cash on hand decreasing throughout the year.

Total expenses show an overall increase of 150% as compared to the prior year. This increase is largely due to disbursements of CRF funds, reported within federal housing expenses.

Governmental Funds

The following table provides a comparison of VHCB's program functions as presented on the modified accrual basis of accounting. Under this method of accounting, project loan expenditures are included in both housing and healthy and lead safe homes programs, presenting a comprehensive presentation of program activities.

<u>Functions/Programs</u>	<u>2021</u>	<u>2020</u>	<u>% Increase (Decrease)</u>
Conservation - federally funded	\$ 2,741,300	\$ 3,282,291	-16%
Conservation - non-federally funded	7,898,163	8,757,641	-10%
Housing - federally funded	39,633,004	6,211,080	538%
Housing - non-federally funded	13,624,266	18,163,660	-25%
Healthy and lead safe homes	792,247	566,136	40%
AmeriCorps	<u>988,566</u>	<u>923,759</u>	<u>7%</u>
Total	<u>\$ 65,677,546</u>	<u>\$ 37,904,567</u>	<u>73%</u>

Comparison of programs using the modified accrual basis of accounting includes loan activity and therefore provides a more accurate presentation of actual program activities.

Requests for Information

This financial report is designed to provide a general overview of Vermont Housing & Conservation Board's finances for all those with an interest in VHCB's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Vermont Housing & Conservation Board
58 East State Street
Montpelier, Vermont 05602

BASIC FINANCIAL STATEMENTS

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
Government-Wide Financial Statements
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and short-term investments	\$ 231,399
Cash - State accounts	20,495,250
Due from State of Vermont (Note 5)	16,034,403
Receivables	
Loans (Note 6)	1,228,133
Grant reimbursements	2,809,473
Other	72,669
Other assets	<u>29,023</u>
Total Current Assets	40,900,350
Noncurrent Assets:	
Receivables (Note 6):	
Loans, net of allowance	230,770,475
Accrued interest on long-term loans, net of allowance	21,941,661
Capital assets, net of accumulated depreciation	<u>248,726</u>
Total Noncurrent Assets	<u>252,960,862</u>
TOTAL ASSETS	\$ <u><u>293,861,212</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 405,201
Due to State of Vermont (Note 9)	<u>2,336,945</u>
Total Current Liabilities	2,742,146
Noncurrent Liabilities:	
Notes payable (Note 10)	<u>546,695</u>
TOTAL LIABILITIES	3,288,841
NET POSITION	
Net investment in capital assets	248,726
Restricted:	
Restricted for project awards (Note 13)	34,486,271
Restricted for programs	2,443,800
Restricted for loans	<u>253,393,574</u>
TOTAL NET POSITION	<u><u>290,572,371</u></u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>293,861,212</u></u>

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

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
Government-Wide Financial Statements
Statement of Activities
For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Change in Net Position</u> <u>Governmental Activities</u>
Governmental Activities:			
Conservation - federally funded	\$ 2,741,300	\$ 2,735,584	\$ (5,716)
Conservation - non-federally funded	7,991,164	745,511	(7,245,653)
Housing - federally funded	34,389,399	39,633,677	5,244,278
Housing - non-federally funded	7,864,885	290,038	(7,574,847)
Healthy and lead safe homes	771,944	786,186	14,242
AmeriCorps	988,566	634,135	(354,431)
Depreciation	<u>35,059</u>	<u>-</u>	<u>(35,059)</u>
Total Governmental Activities	\$ 54,782,317	\$ 44,825,131	(9,957,186)
General Revenues:			
Property transfer tax			10,580,695
State appropriation			16,645,792
Loan interest income			460,369
Interest income			66,491
Miscellaneous			<u>49,082</u>
Total general revenues			<u>27,802,429</u>
Change in Net Position			17,845,243
Net Position:			
Beginning of year			<u>272,727,128</u>
End of year			<u>\$ 290,572,371</u>

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

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
Fund Financial Statements: Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Housing for All Revenue Bond Proceeds Fund	Capital Bond Appropriation Fund	Farmland Preservation Program Fund	Coronavirus Relief Fund	State Supplemental Appropriation Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and short-term investments	\$ 231,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231,399
Cash - State accounts	11,224,670	6,511,245	-	-	-	-	2,759,335	20,495,250
Due from other funds	606,634	684	-	-	-	-	14,228	621,546
Due from State of Vermont (Note 5)	250,500	-	5,666,167	-	67,736	10,000,000	50,000	16,034,403
Receivables:								
Current portion of long-term loans	1,228,133	-	-	-	-	-	-	1,228,133
Grant reimbursements	-	-	-	2,073,000	-	-	736,473	2,809,473
Other	200	-	-	-	-	-	72,469	72,669
Other assets	29,023	-	-	-	-	-	-	29,023
TOTAL ASSETS	\$ 13,570,559	\$ 6,511,929	\$ 5,666,167	\$ 2,073,000	\$ 67,736	\$ 10,000,000	\$ 3,632,505	\$ 41,521,896
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 398,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ 405,201
Due to other funds	14,913	-	-	-	67,736	-	538,897	621,546
Due to State of Vermont (Note 9)	-	-	-	2,073,000	-	-	263,945	2,336,945
Total Liabilities	413,114	-	-	2,073,000	67,736	-	809,842	3,363,692
Deferred Inflows of Resources - Loans (Note 10)	1,228,133	-	-	-	-	-	-	1,228,133
Fund Balances:								
Restricted:								
Restricted for project awards (Note 13)	11,390,124	6,511,929	5,666,167	-	-	9,500,000	1,418,051	34,486,271
Restricted for programs	539,188	-	-	-	-	500,000	1,404,612	2,443,800
Total Fund Balances	11,929,312	6,511,929	5,666,167	-	-	10,000,000	2,822,663	36,930,071
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,570,559	\$ 6,511,929	\$ 5,666,167	\$ 2,073,000	\$ 67,736	\$ 10,000,000	\$ 3,632,505	\$ 41,521,896

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

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
Fund Financial Statements: Governmental Funds
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental
Activities in the Statement of Net Position
June 30, 2021

Governmental fund balances		\$ 36,930,071
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		248,726
Noncurrent portion of loans receivable are not available financial resources and, therefore, are not included in governmental funds.		231,998,608
Accrued interest receivable on loans is not recorded under the modified accrual basis of accounting.		21,941,661
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in governmental funds.		<u>(546,695)</u>
Net position of governmental activities		\$ <u>290,572,371</u>

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

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
Fund Financial Statements: Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Housing for All Revenue Bond Proceeds Fund	Capital Bond Appropriation Fund	Farmland Preservation Program Fund	Coronavirus Relief Fund	State Supplemental Appropriation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:								
Property transfer tax	\$ 10,580,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,580,695
State appropriations	-	-	6,595,792	-	-	10,000,000	50,000	16,645,792
Federal, State and Private grant revenue	150,000	-	-	2,288,000	32,534,415	-	9,203,142	44,175,557
Loan principal repayments	176,215	-	-	-	-	-	99,507	275,722
Loan interest	5,528	-	-	-	-	-	-	5,528
AmeriCorps	-	-	-	-	-	-	253,029	253,029
Mitigation revenue	-	-	-	-	-	-	396,546	396,546
Interest income	43,800	20,609	-	-	-	-	2,082	66,491
Miscellaneous	35,013	-	-	-	-	-	14,066	49,079
Total Revenues	10,991,251	20,609	6,595,792	2,288,000	32,534,415	10,000,000	10,018,372	72,448,439
Expenditures:								
Program functions:								
Conservation - federally funded	-	-	-	2,288,000	-	-	453,300	2,741,300
Conservation - non-federally funded	2,659,146	-	3,645,603	-	-	-	1,593,414	7,898,163
Housing - federally funded	-	-	-	-	32,534,415	-	7,098,589	39,633,004
Housing - non-federally funded	4,476,413	7,729,355	1,348,498	-	-	-	70,000	13,624,266
Healthy and lead safe homes	-	-	-	-	-	-	792,247	792,247
AmeriCorps	-	-	-	-	-	-	988,566	988,566
Total Expenditures	7,135,559	7,729,355	4,994,101	2,288,000	32,534,415	-	10,996,116	65,677,546
Excess (deficiency) of revenues over expenditures	3,855,692	(7,708,746)	1,601,691	-	-	10,000,000	(977,744)	6,770,893
Other Financing Sources (Uses):								
Transfers to support programs	(1,293,418)	-	-	-	-	-	1,293,418	-
Total Other Financing Sources (Uses)	(1,293,418)	-	-	-	-	-	1,293,418	-
Change in fund balance	2,562,274	(7,708,746)	1,601,691	-	-	10,000,000	315,674	6,770,893
Fund Balance, at Beginning of Year	9,367,038	14,220,675	4,064,476	-	-	-	2,506,989	30,159,178
Fund Balance, at End of Year	\$ 11,929,312	\$ 6,511,929	\$ 5,666,167	\$ -	\$ -	\$ 10,000,000	\$ 2,822,663	\$ 36,930,071

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

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
Fund Financial Statements: Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Change in fund balances - governmental funds	\$ 6,770,893
<p>Governmental funds report annual capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Depreciation	(35,059)
<p>Governmental funds report loans disbursed and lending activities as expenditures. Under the accrual basis of accounting, these transactions are not reported on the Statement of Activities.</p>	
	11,742,899
<p>Governmental funds report loan principal repayments as revenue when received. Under the accrual basis of accounting, these receipts are not reported on the Statement of Activities.</p>	
	(275,722)
<p>Governmental funds do not report accrued interest income from loans under the modified accrual basis of accounting.</p>	
	460,703
<p>The change in the allowance for uncollectible loans and forgiveness is not reflected in governmental funds, but is included in government-wide expenses.</p>	
	<u>(818,471)</u>
Change in net position - governmental activities	\$ <u>17,845,243</u>

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

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies

The accounting policies of Vermont Housing & Conservation Board (VHCB) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of significant policies:

A. Reporting Entity

VHCB was established by the Vermont Legislature in May of 1987 with the dual goals of "creating affordable housing for Vermonters, and conserving and protecting Vermont's agricultural land, forestland, historic properties, important natural areas, and recreational lands."

VHCB's Board makes grants and loans to nonprofit organizations including land trusts, conservation groups, housing cooperatives, and to municipalities and qualifying state agencies. The majority of state funding received by VHCB is a dedicated portion of the Vermont Property Transfer Tax (PTT). The Vermont Legislature approves the appropriations of the PTT to VHCB annually.

The eleven-member VHCB Board consists of seven citizen members and four ex-officio members who are heads of designated state agencies. Six members, including three ex-officio members, are appointed by the Governor of Vermont. The remaining members, except for the Director of the Vermont Housing Finance Agency, are appointed by the Vermont Legislature.

Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, and ability to significantly influence operations and accountability for fiscal matters. Given that certain of these criteria apply to the relationship between VHCB and the State of Vermont for the State's financial reporting purposes, VHCB is considered a component unit of the State. These financial statements present only VHCB as a component unit of the State of Vermont.

B. Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. This financial reporting model focuses on VHCB as a whole (in the government-wide financial statements) and on major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize primary activities of VHCB as governmental. The different statements represent two different measurement focuses and use different methods of accounting. A reconciliation is included which explains the differences in presentation between the fund financial statements and the government-wide statements.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus on all economic resources applied on an accrual basis demonstrates the sustainability of VHCB as an entity by reporting the aggregate financial position and the change in financial position resulting from the activities of the fiscal period. The government-wide Statement of Activities reflects both the gross and net costs by functional category which are otherwise supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues and operating grants that are specifically restricted for the relative function. The net cost is funded by general revenues (property transfer tax, capital bond appropriation, loan interest income, interest income, and miscellaneous). Programs and grants are charged their share of overhead and administrative costs based on VHCB's cost allocation and indirect rate plan.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. All other revenue items are considered to be measurable and available only when cash is received by VHCB. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

This presentation assists in demonstrating legal compliance, and the source and use of liquid resources. The emphasis of the fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized into a single column.

VHCB reports the following major governmental funds:

- The **General Fund** is the primary operating fund of VHCB. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund consists of the Operating and Trust Funds of VHCB. The Trust Fund includes revenues from the Vermont Property Transfer Tax and repayments on unrestricted loans. Expenditures from the Trust Fund include grants, loans, miscellaneous direct program costs, and transfers to the Operating Fund for operations funding.

- The **Housing for All Revenue Bond Proceeds Fund** accounts for the proceeds and uses of the Housing Revenue Bond issued by the Vermont Housing Finance Agency in 2018 on behalf of VHCB and as directed by state law. The proceeds have been used to fund rental housing and home ownership opportunities for low and moderate-income Vermonters.
- The **Capital Bond Appropriation Fund** accounts for the State Capital Bond Appropriations provided to VHCB for utilization in housing and conservation programs. The final amount VHCB receives is net of allocated bond issuance fees. Bond funds are restricted to capital purchases, as well as being subject to a number of other regulations that direct the utilization of these funds.
- The **Farmland Preservation Program Fund** – VHCB has received federal awards from the Natural Resources Conservation Service (NRCS) Agricultural Conservation Easement Program for use in purchasing conservation easements on farmland.
- The **Coronavirus Relief Fund** accounts for the federal CRF resources subgranted to VHCB by the State of Vermont in the amount of \$32,534,415 for the purpose of providing safe shelter for persons who were, or were at risk of, experiencing homelessness, in order to mitigate COVID-19 effects.
- The **State Supplemental Appropriation Fund** accounts for a one-time \$10,000,000 appropriation from the State’s General Fund in fiscal year 2021, which the Board shall use, in part through grants to nonprofit housing partners and service organizations, for housing and facilities necessary to provide safe shelter to lower-income and at-risk populations.

D. Cash and Short-Term Investments

Deposits with financial institutions consist of demand deposits. Cash reported in the General Fund is advanced as needed to cover expenses of other funds and is subsequently reimbursed.

E. Cash – State Accounts

The majority of VHCB’s funds are maintained within the State of Vermont Treasury. Interest earned by the funds within the State Treasury is transferred to VHCB accounts.

F. Loans

VHCB awards loans to nonprofits and various other eligible entities to assist in project development. In the governmental fund financial statements, loans are recorded as expenditures in the fund from which the sources were disbursed. Loans receivable that carry future restrictions on repayment proceeds are recorded in the fund from which the resources were derived; all others are recorded in the General Fund. Due to the current resource measurement focus of the governmental fund statements, only current loans receivable are reported on the governmental funds Balance Sheet.

G. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., the current portion of interfund loans).

H. Capital Assets

Capital assets, which include leasehold improvements and furniture, equipment, and software, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as constructed. Capital assets are depreciated using the straight-line method over the estimated useful lives of the respective assets.

I. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of fund balance by VHCB that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on fund balance, similar to liabilities. Deferred inflows of resources represent the current portion of long-term loans expected to be received in the next fiscal year.

J. Long-Term Liabilities

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position.

K. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance generally represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. VHCB reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for use in future periods.

Net Position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported

as restricted when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

L. Use of Estimates

The preparation of basic financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

An annual budget of operating expenditures, inclusive of all of funds, is prepared by VHCB staff, reviewed by the Finance Committee, and approved by the Board of Directors.

VHCB develops internal targets for utilization of total available resources which are used to award funding to housing and conservation projects. Decisions regarding specific project commitments are determined by the Board of Directors based on the quality of applications received, evaluating potential for leverage, community need, eligibility criteria, availability of funds, and, as directed by statute, consideration of timely response to unpredictable circumstances or unique opportunity.

B. Budget/GAAP Reconciliation

The budgetary data presented as supplementary information is intended to be consistent with the operating budget approved by VHCB's Board of Directors and is created and accounted for on the modified-accrual basis of accounting.

3. Cash and Short-Term Investments and Cash – State Accounts

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, VHCB's deposits may not be returned to it. VHCB has a collateralization agreement with the financial institution where a checking account is maintained. The majority of VHCB's deposits are maintained within the State of Vermont's Treasury. As of June 30, 2021, none of VHCB's bank balance was exposed to custodial credit risk as uninsured or uncollateralized.

4. Interfund Accounts

A. Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is a summary of June 30, 2021 balances in interfund receivable and payable accounts:

<u>Fund</u>	Due From Other Funds	Due To Other Funds
General Fund	\$ 606,634	\$ 14,913
Housing for All Revenue Bond Proceeds Fund	684	-
Coronavirus Relief Fund	-	67,736
Nonmajor Governmental Funds	<u>14,228</u>	<u>538,897</u>
Total	<u>\$ 621,546</u>	<u>\$ 621,546</u>

B. Transfers

In fiscal year 2021, VHCB transferred \$1,293,418 from the General Fund to other governmental funds to support program costs not covered by State, Federal grants, or other revenues.

5. Due from State of Vermont

At June 30, 2021, \$16,034,403 was due from the State of Vermont for balances outstanding from fiscal years 2019, 2020, and 2021 capital bond appropriations, fiscal year 2020 and 2021 State of Vermont General Fund appropriations and fiscal year 2021 CRF appropriations.

6. Long-Term Loans Receivable

VHCB's loans receivable portfolio is comprised of loans made for projects under the affordable housing, healthy and lead safe homes program, and other programs, including down payment assistance and short-term bridge financing. Loan types and maturities are as follows:

<u>Fiscal Year</u>	<u>Loan Type</u>		<u>Total</u>
	<u>Housing Projects</u>	<u>Healthy and Lead Safe Homes Program</u>	
2022	\$ 1,228,133	\$ -	\$ 1,228,133
2023	233,034	-	233,034
2024	512,455	-	512,455
2025	2,062,084	-	2,062,084
2026	2,313,288	75,833	2,389,121
Thereafter	<u>229,653,905</u>	<u>8,178,325</u>	<u>237,832,230</u>
	<u>\$ 236,002,899</u>	<u>\$ 8,254,158</u>	244,257,057
Less: allowance			<u>(12,258,449)</u>
Total loans, net of allowance			<u>\$ 231,998,608</u>

VHCB makes loans using various federal and non-federal funds, dependent upon project eligibility and the entire project funding structure. Loans made from federal sources make up

32%, or \$73 million, of VHCB's loan portfolio. Repayments of loans made with federal resources are restricted as directed by federal program regulations.

Housing Project Loans

The majority of housing loans are structured as non-interest bearing deferred loans with a balloon payment due upon maturity, typically 30-40 years from the date of the note. Older loans, some still in the portfolio, included terms that may require quarterly payments of principal and/or interest, and interest rates varying from 0% - 7%.

VHCB makes loans consistent with best practices for new development as reviewed by legal and financial counsel, external evaluators, and others. The purpose of VHCB loans is to secure permanent benefits of affordability for Vermonters below median income in the State of Vermont while encouraging as much leverage from other sources, including conventional loans, as a project can support while meeting the public purpose of the loan.

The largest pool of deferred loans is made in conjunction with the Low Income Housing Tax Credit program (LIHTC). VHCB has an obligation and legislative directive to conduct its mission in a manner that achieves permanent affordability, serves very low-income Vermonters, and protects residents from displacement. VHCB collects deferred loans upon maturity unless doing so will result in the displacement of residents or prevent the continued use of the property as affordable housing.

VHCB evaluates such loans on a case-by-case basis if a request is made for continued deferral or refinancing based upon a project's individual circumstances. VHCB may, depending upon those circumstances, agree to extend, refinance, convert to a secured grant or, in some rare cases, forgive debt in order to continue affordability beyond the LIHTC compliance period and/or support needed investment in the property.

Healthy and Lead Safe Homes Program Loans

The Healthy and Lead Safe Homes Program (HLSHP) provides loans as part of the project award package. Partial loan forgiveness provisions may be included within the note to incentivize long-term lead safety compliance practices, good property maintenance, and continued occupancy by low-income tenants. Forgiveness provisions vary, including up to 100% forgiveness for investor-owned and private homeowners, subject to compliance of certain requirements. HLSHP loans are either deferred loans (balloon payment at maturity) or due upon sale or transfer of property.

As required by accounting standards, loans receivable appear differently within the two types of financial statement presentations.

The government-wide Statement of Net Position has an economic focus of measurement and uses the accrual basis of accounting method. As a result, within the current and noncurrent assets sections, all loans receivable have been consolidated. No distinction is made for loans

with federal or other restrictions. An allowance for uncollectible loans is netted against both the loans receivable and accrued interest receivable.

The governmental funds Balance Sheet presents the current financial resources measurement focus and uses the modified accrual basis of accounting. Assets and liabilities presented include only those loans receivable that are current.

For a complete understanding of VHCB’s loans receivable, one should utilize both financial statements. The two reporting presentations are illustrated below:

	Government-Wide Statement of <u>Net Position</u>	Governmental Funds - <u>Balance Sheet</u>
Current portion loans receivable	\$ 1,228,133	\$ 1,228,133
Long-term loans receivable, net of allowance	230,770,475	-
Accrued interest on long-term loans, net of allowance	<u>21,941,661</u>	<u>-</u>
	<u>\$ 253,940,269</u>	<u>\$ 1,228,133</u>

In the government-wide statements, loans receivable have been reduced by an allowance of \$12,258,449 to reflect the estimated amount of loans that will not be collected either because of forgiveness, conversion, or due to doubtful accounts. VHCB determines this allowance using a combination of historical experience by loan type and management’s analysis of the current portfolio.

VHCB calculates accrued interest on long-term loans based on applicable rates and terms of interest. At June 30, 2021, accrued interest receivable was \$23,096,485. VHCB has estimated an allowance for uncollectible accrued interest receivable of \$1,154,824, based on historical experience of loans and management’s analysis of the current portfolio. The net accrued interest receivable is \$21,941,661.

7. Grant Reimbursements Receivable

Grant reimbursements receivable represents grant funding for which allowable costs have been incurred and reimbursements or requisitions of funding that are pending.

8. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>
Governmental Activities:				
Capital assets, being depreciated:				
Leasehold improvements	\$ 225,146	\$ -	\$ -	\$ 225,146
Furniture, equipment, and software	<u>327,685</u>	<u>-</u>	<u>-</u>	<u>327,685</u>
Total capital assets, being depreciated	552,831	-	-	552,831
Less accumulated depreciation for:				
Leasehold improvements	(175,680)	(14,619)	-	(190,299)
Furniture, equipment, and software	<u>(93,366)</u>	<u>(20,440)</u>	<u>-</u>	<u>(113,806)</u>
Total accumulated depreciation	<u>(269,046)</u>	<u>(35,059)</u>	<u>-</u>	<u>(304,105)</u>
Governmental activities capital assets, net	<u>\$ 283,785</u>	<u>\$ (35,059)</u>	<u>\$ -</u>	<u>\$ 248,726</u>

9. Due to State of Vermont

Amounts due to State of Vermont represent amounts owed for cash utilized in advance of federal grant reimbursement.

10. Notes Payable

Vermont Housing Finance Agency (VHFA) - VHCB has two outstanding notes payable to the (VHFA) totaling \$271,695. These funds were loaned to VHCB to supplement the Healthy and Lead Safe Homes Program and were used to make loans to program recipients. Repayment of program recipient loans to VHCB is triggered by transfer of property. The two notes are in the amounts of \$195,827 and \$75,868, and require repayment to VHFA beginning January 2021 and April 2038, respectively, as corresponding program recipient repayments are received.

High Meadows Fund (HMF) - VHCB has an outstanding note payable to the High Meadows Fund, Inc. in the amount of \$275,000. These funds were loaned to VHCB to assist with the purchase of a housing site for affordable housing designed as high performance located near a village center. Repayment is due the sooner of conveyance, development of the property, or February 24, 2022 with 1% simple interest deferred until repayment.

11. Governmental Funds - Fund Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

VHCB has implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances can be reported under GASB 54:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of VHCB's highest level of decision-making authority.

Assigned - Represents amounts that are constrained by VHCB's intent to use these resources for a specific purpose. This fund balance classification includes encumbrances that have been established for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period and any surplus set aside to be used in the subsequent year's budget.

Unassigned - Represents amounts that are available to be spent in future periods.

12. Project Awards

The VHCB Board meets approximately six times during the year to make awards. These awards may be funded with current or anticipated resources. VHCB policy drives the structure of all awards. The awards are subject to external funding restrictions and carry VHCB imposed grant or loan conditions. In addition to Board activity, designated VHCB staff may make small project awards. Project award activity is individually tracked. This tracking includes recording the initial award, disbursements against the award, and outstanding award balances. Project award activity is presented in the following tables:

A. Restricted for Project Awards

This represents the outstanding balances of project awards made using current resources on hand, such as Trust, Housing Revenue for All Bond, Capital Bond Appropriation, or Mitigation funds.

	Balance July 1, <u>2020</u>	New <u>Commitments</u>	Net <u>Disbursements</u>	Decommitment of Prior Year <u>Commitments</u>	Reallocation Among <u>Funds</u>	Balance June 30, <u>2021</u>
Trust Funds	\$ 8,994,477	\$ 8,506,875	\$ (4,822,184)	\$ (676,912)	\$ (612,132)	\$ 11,390,124
Housing for All Revenue Bond	14,220,675	1,935,827	(7,729,356)	(1,915,218)	-	6,511,928
Capital Bond Appropriation Funds	3,814,476	1,330,626	(4,994,101)	(415,000)	5,930,166	5,666,167
Supplemental State Housing Appropriation	-	9,500,000	-	-	-	9,500,000
Act 250 Mitigation Funds	171,768	127,694	(216,290)	(7,374)	163,365	239,163
Housing Mitigation	9,244	-	-	-	-	9,244
Lead Loan Repayment Fund	-	880	-	-	-	880
VLITE	-	153,000	-	-	-	153,000
Farm Viability Program	<u>1,004,126</u>	<u>802,124</u>	<u>(790,486)</u>	<u>-</u>	<u>-</u>	<u>1,015,764</u>
Total	\$ <u>28,214,766</u>	\$ <u>22,357,026</u>	\$ <u>(18,552,417)</u>	\$ <u>(3,014,504)</u>	\$ <u>5,481,399</u>	\$ <u>34,486,270</u>

B. Awards of Anticipated Funds

These are project awards in which the Board obligated either federal funds for which VHCB has authority to commit or anticipated future appropriations. In accordance with accounting standards, these outstanding award balances are not recorded on the financial statements until funding sources are received or disbursement occurs.

	Balance July 1, <u>2019</u>	New <u>Commitments</u>	Net <u>Disbursements</u>	Decommitment of Prior Year <u>Commitments</u>	Reallocation Among <u>Funds</u>	Balance June 30, <u>2020</u>
Trust Funds	\$ 2,767,476	\$ 880,676	\$ -	\$ -	\$ (2,617,049)	\$ 1,031,103
Capital Bond Appropriation Funds	2,494,923	30,343	-	-	(2,494,923)	30,343
Coronavirus Relief Fund	-	32,427,213	(32,056,679)	(5,450)	-	365,084
Supplemental State Housing Appropriation	-	12,793,625	-	-	(410,427)	12,383,198
ARPA	-	3,584,062	-	-	-	3,584,062
HOME	5,351,283	2,862,724	(2,238,510)	-	-	5,975,497
HOPWA 8	270,615	1,547,676	(548,364)	-	-	1,269,927
National Housing Trust Fund	6,162,932	4,226,407	(3,940,109)	-	-	6,449,230
Lead Paint Hazard Reduction	31,700	506,631	(296,614)	(198)	-	241,519
Farm Viability Program	673,881	412,773	(404,565)	-	-	682,089
NRCS	2,193,000	4,819,000	(2,288,000)	(335,000)	41,000	4,430,000
Housing Mitigation	<u>73,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,917</u>
Total	\$ <u>20,019,727</u>	\$ <u>64,091,130</u>	\$ <u>(41,772,841)</u>	\$ <u>(340,648)</u>	\$ <u>(5,481,399)</u>	\$ <u>36,515,969</u>

13. Retirement Plan

VHCB participates in a defined contribution retirement plan. The annual contribution, in the amount of \$264,544 for fiscal year 2021, is based on 10% of the salaries paid on a cash basis to eligible, participating employees during the year. An employee becomes a participant in the plan and eligible for contribution by working a minimum of 1,000 hours in the plan year. There are no “years of service” or “minimum age” requirements for eligibility. Individuals employed before July 1, 1991 vested at 25% per year beginning at the time of employment and became fully vested after four years. Individuals employed after July 1, 1991 vest at 20% per year beginning with the second year and are fully vested after six years.

Employees are eligible to participate in the State of Vermont's deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The plan, available to all employees, permits them to defer a portion of their taxable salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or an unforeseeable emergency.

14. Operating Lease

VHCB entered into a 15-year lease for its office space with the Vermont Economic Development Authority commencing July 1, 2008. The base annual rent in the final three years is \$114,944. As additional rent, VHCB shall pay its pro-rata share of annual building operating expenses (currently \$98,980 per year). Future minimum lease payments are as follows:

Fiscal Year	Amount
2022	\$ 213,924
2023	<u>213,924</u>
Present Value of Minimum Lease Payments	<u>\$ 427,848</u>

15. Commitments and Contingencies

A. Outstanding Legal Issues

There are no pending legal issues in which VHCB is involved.

B. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although VHCB expects such amounts, if any, to be immaterial.

16. Subsequent Events

Subsequent to year-end, the State of Vermont granted VHCB \$64 million in federal American Recovery Protection Act (ARPA) resources and \$70 million to provide housing solutions for people experiencing homelessness and those at risk of homelessness.

SUPPLEMENTARY INFORMATION

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
All Funds – Operating Expenditures – Budget and Actual
For the Year Ended June 30, 2021

	Original and Final <u>Budget</u>	Budgetary Basis Actual <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
Operating Expenditures:			
Salaries and benefits	\$ 3,980,874	\$ 3,865,012	\$ 115,862
Other:			
Consulting	71,350	49,359	21,991
Board	24,925	3,674	21,251
Audit	26,000	26,000	-
Advertising	6,200	11,548	(5,348)
Conferences, registrations, training	21,085	13,048	8,037
Dues and subscriptions	10,443	9,106	1,337
Insurance	3,322	3,760	(438)
Legal	6,000	1,992	4,008
Meetings	6,750	264	6,486
Miscellaneous	750	642	108
Occupancy	229,524	217,462	12,062
Office supplies	9,740	8,068	1,672
Postage and mailings	5,174	3,939	1,235
Printing and developing	4,200	1,357	2,843
Repairs and maintenance	10,418	7,353	3,065
Technology	109,291	117,687	(8,396)
Telephone	18,240	21,892	(3,652)
Travel	65,000	17,044	47,956
Expendable furniture and fixtures	3,000	3,552	(552)
Total Operating Expenditures	<u>\$ 4,612,286</u>	<u>4,382,759</u>	<u>\$ 229,527</u>

Reconciliation to Total Expenditures:

Less: operating expenditures charged to restricted funds	(2,141,104)
Add: General Fund grant, loan, and direct program expenses	<u>4,893,904</u>
Total Expenditures - General Fund	<u>\$ 7,135,559</u>

See Independent Auditors' Report.

**INDEPENDENT AUDITORS' REPORTS
PURSUANT TO GOVERNMENT AUDITING
STANDARDS AND UNIFORM GUIDANCE**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the Board of Directors
Vermont Housing & Conservation Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vermont Housing & Conservation Board (VHCB), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise VHCB's basic financial statements, and have issued our report thereon dated November 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VHCB's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of VHCB's internal control. Accordingly, we do not express an opinion on the effectiveness of VHCB's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether VHCB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
November 1, 2021



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditors' Report

To the Board of Directors
Vermont Housing & Conservation Board

Report on Compliance for Each Major Federal Program

We have audited Vermont Housing & Conservation Board's (VHCB) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of VHCB's major federal programs for the year ended June 30, 2021. VHCB's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of VHCB's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about VHCB's compliance with

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those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of VHCB's compliance.

Opinion on Each Major Federal Program

In our opinion, VHCB complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of VHCB is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered VHCB's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of VHCB's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did



not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vermont Housing & Conservation Board as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise VHCB's basic financial statements. We issued our report thereon dated November 1, 2021 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Melanson". The signature is written in a cursive, flowing style.

Merrimack, New Hampshire
November 1, 2021

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Agency

Cluster	Grant Number	Program or Award Amount	Pass through Identifying Number	Federal CFDA Number	Amount Provided to Subrecipients	Federal Expenditures
Federal Office Pass-through Agency Program Title						
<u>U.S. Department of Agriculture</u>						
Agricultural Conservation Easement Program						
Natural Resources Conservation Service						
Agricultural Conservation Easement Program	54164419PAP01	\$ 6,631,500	NA	10.931	\$ 1,320,000	\$ 1,320,000
Agricultural Conservation Easement Program	5416441701NFY	5,132,500	NA	10.931	863,000	863,000
Agricultural Conservation Easement Program	5516441701NHT	1,905,000	NA	10.931	105,000	105,000
Total Agricultural Conservation Easement Program					2,288,000	2,288,000
Rural Business - Cooperative Service						
Rural Business Development Grant	53-012-030311984	29,000	NA	10.351	-	21,556
Rural Business Development Grant	53-012-030311984	29,860	NA	10.351	-	25,768
Rural Business Development Grant	53-012-030311984	98,471	NA	10.351	-	23,583
Total Rural Business Development Grant					-	70,907
National Institute of Food and Agriculture						
Beginning Farmer and Rancher Development Program	2017-70017-26839	546,386	NA	10.311	28,228	31,184
Total U.S. Department of Agriculture					2,316,228	2,390,991
<u>U.S. Department of Housing and Urban Development</u>						
Home Investment Partnerships Program						
Office of Community Planning and Development						
Passed Through the Vermont Agency of Commerce and Community Development:						
Home Investment Partnerships Program	M17SG500100	2,715,274	07110-2017 HOME	14.239	-	171,658
Home Investment Partnerships Program	M18SG500100	2,707,324	07110-2018 HOME	14.239	-	340,681
Home Investment Partnerships Program	M19SG500100	2,705,159	07110-2019 HOME	14.239	-	1,726,171
Home Investment Partnerships Program	M20SG500100	255,000	07110-20120HOME	14.239	-	190,000
Total Home Investment Partnerships Program					-	2,428,510
Lead-Based Paint Hazard Control in Privately-Owned Housing						
Office of Health Homes and Lead Hazard Control						
Lead-Based Paint Hazard Control in Privately-Owned Housing	VTLHB0744-19	4,000,000	NA	14.900	-	786,186
Housing Opportunities for Persons with AIDS						
Housing Opportunities for Persons with AIDS	VT-H17-0028-00	1,433,508	NA	14.241	270,614	270,614
Housing Opportunities for Persons with AIDS	VT-H2001W081	159,851	NA	14.241	145,352	145,352
Housing Opportunities for Persons with AIDS	VT-H200022	1,430,747	NA	14.241	132,398	151,296
Total Housing Opportunities for Persons with AIDS					548,364	567,262

(continued)

The accompanying notes are an integral part of this schedule.

(continued)

Housing Trust Fund							
Housing Trust Fund	F17-SG500100	3,000,000	NA	14.275	-	511,005	
Housing Trust Fund	F18-SG500100	3,000,000	NA	14.275	-	1,803,057	
Housing Trust Fund	F19-SG500100	3,000,000	NA	14.275	-	1,789,427	
Total Housing Trust Fund					-	4,103,489	
Total U.S. Department of Housing and Urban Development					548,364	7,885,447	
<u>U.S. Department of Treasury</u>							
Coronavirus Relief Fund							
Passed Through Vermont Agency of Administration							
COVID-19 - Coronavirus Relief Fund	NA	2,250,000	0110CFF20035	21.019	2,250,000	2,250,000	
COVID-19 - Coronavirus Relief Fund	NA	8,973,051	0110CRF20033	21.019	8,701,518	8,706,968	
COVID-19 - Coronavirus Relief Fund	NA	21,676,447	0110CRF20014	21.019	21,072,272	21,577,447	
COVID-19 - Coronavirus Relief Fund	NA	192,000	01110CRF2034	21-019	-	192,000	
Total COVID-19 - Coronavirus Relief Fund					32,023,790	32,726,415	
Total U.S. Department of Treasury					32,023,790	32,726,415	
<u>Northern Border Regional Commission</u>							
Northern Border Regional Development							
Northern Border Regional Development	NBRC-19GRF08	624,059	NA	90.601	94,521	131,098	
Northern Border Regional Development	NBRC-16-G-VT-03	164,588	NA	90.601	-	2,369	
Northern Border Regional Development	NBRC20GVT10	256,907	NA	90.601	-	20,026	
Total Northern Border Regional Commission					94,521	153,493	
<u>Corporation for National and Community Service</u>							
Passed Through the Vermont Agency for Human Services:							
AmeriCorps	18ESHVT001	393,588	03400-VHCB-18ESH-FY20	94.006	-	63,726	
AmeriCorps	18ESHVT001	393,588	03400-VHCB-18ESH-FY21	94.006	-	317,380	
Total AmeriCorps					-	381,106	
Total Corporation for National and Community Service					-	381,106	
Total Federal Expenditures					\$ 34,982,903	\$ 43,536,552	

The accompanying notes are an integral part of this schedule.

Vermont Housing & Conservation Board
(A Component Unit of the State of Vermont)
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Vermont Housing & Conservation Board (VHCB) under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of VHCB, it is not intended to and does not present the financial position, changes in net position, or cash flows of VHCB.

2. Summary of Significant Accounting Policies

- Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.
- VHCB has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Donated Personal Protective Equipment (PPE) (Unaudited)

During fiscal year 2021 VHCB did not receive donated PPE from Federal sources.

**Vermont Housing & Conservation Board
 (A Component Unit of the State of Vermont)
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021**

Section I - Summary of Auditors' Results
Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditors' report issued on compliance for major programs:

Housing Trust Fund	Unmodified
Coronavirus Relief Fund	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.275	Housing Trust Fund
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$1,306,097

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.

Section IV - Schedule of Prior Year Findings

There were no findings in the prior year.