

# ***Semi-Annual Financial Statements***

December 31, 2018





# **Semi-Annual Financial Statements**

*Six months ended December 31, 2018*

**North Carolina Housing Finance Agency**



**NORTH CAROLINA HOUSING FINANCE AGENCY  
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

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# NORTH CAROLINA HOUSING FINANCE AGENCY

## STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2018

(Unaudited)

(in thousands)

### ASSETS

#### Current assets:

Cash and cash equivalents	\$	18,681
Restricted cash and cash equivalents		623,626
Restricted investments		17,353
Accrued interest receivable on investments		3,070
Mortgage loans receivable		100,441
Accrued interest receivable on mortgage loans		3,543
Other assets		7,334
<b>TOTAL CURRENT ASSETS</b>	<b>\$</b>	<b>774,048</b>

#### Noncurrent assets:

Investments	\$	983
Restricted investments		588,393
Mortgage loans receivable, net		477,271
Other assets, net		2,887
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$</b>	<b>1,069,534</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>1,843,582</b>

### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows for pensions	\$	2,462
Deferred outflows for other postemployment benefits		1,409
Accumulated decrease in fair value of hedging derivative		1,687
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$</b>	<b>5,558</b>

### LIABILITIES

#### Current liabilities:

Bonds payable	\$	30,335
Accrued interest payable		14,719
Accounts payable		3,193
Unearned revenues		53,330
Other liabilities		217
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$</b>	<b>101,794</b>

#### Noncurrent liabilities:

Bonds payable, net	\$	921,832
Derivative instrument - interest rate swap		1,687
Unearned revenues		14,528
Pension liability		4,155
Other postemployment benefits		14,467
Other liabilities		4,969
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$</b>	<b>961,638</b>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>1,063,432</b>

### DEFERRED INFLOWS OF RESOURCES

Deferred state grant	\$	7,258
Deferred inflows for pensions		136
Deferred inflows for other postemployment benefits		5,026
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$</b>	<b>12,420</b>

### NET POSITION

Net investment in capital assets	\$	2,859
Restricted net position		765,063
Unrestricted net position		5,366
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>773,288</b>

The accompanying notes are an integral part of this financial statement.

# NORTH CAROLINA HOUSING FINANCE AGENCY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

SIX MONTHS ENDED DECEMBER 31, 2018

(Unaudited)

(in thousands)

### OPERATING REVENUES

Interest on investments	\$	14,978
Net increase in fair value of investments		8,002
Interest on mortgage loans		14,205
Federal program awards received		107,901
Program income/fees		36,483
Other revenues		4
<b>TOTAL OPERATING REVENUES</b>	<b>\$</b>	<b>181,573</b>

### OPERATING EXPENSES

Interest on bonds	\$	15,069
Mortgage servicing expense		804
Federal program expense		109,624
Nonfederal program expense		20,283
General and administrative expense		13,724
Other expenses		764
<b>TOTAL OPERATING EXPENSES</b>	<b>\$</b>	<b>160,268</b>

### OPERATING INCOME

\$ 21,305

### NON-OPERATING REVENUES (EXPENSES)

State appropriations received	\$	15,330
State grants received		13,438
State program expense		(24,170)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>\$</b>	<b>4,598</b>

### CHANGE IN NET POSITION

\$ 25,903

### TOTAL NET POSITION - BEGINNING

\$ 747,385

### TOTAL NET POSITION - ENDING

\$ 773,288

The accompanying notes are an integral part of this financial statement.

# NORTH CAROLINA HOUSING FINANCE AGENCY

## STATEMENT OF CASH FLOWS

SIX MONTHS ENDED DECEMBER 31, 2018

(Unaudited)

(in thousands)

### Cash flows from operating activities:

Interest on mortgage loans	\$	14,523
Principal payments on mortgage loans		46,338
Purchase of mortgage loans		(4,608)
Principal payments on mortgage loans held for resale		63,390
Purchase of mortgage loans held for resale		(63,390)
Federal program awards received		141,652
Federal program expense		(109,173)
Nonfederal program expense		(20,283)
Federal grant administration income		5,783
Program income/fees		29,298
Other expenses		(11,365)
Other revenues		(2,488)
<b>Net cash provided by operating activities</b>	<b>\$</b>	<b>89,677</b>

### Cash flows from non-capital financing activities:

Issuance of bonds	\$	97,975
Principal repayments on bonds		(47,565)
Interest paid		(10,339)
Bond issuance costs paid		(878)
State appropriations received		15,330
State grants received		16,735
State program expense		(24,170)
<b>Net cash provided by non-capital financing activities</b>	<b>\$</b>	<b>47,088</b>

### Cash flows from investing activities:

Proceeds from sales or maturities of investments	\$	16,182
Purchase of investments		(160,574)
Earnings on investments		14,209
<b>Net cash used in investing activities</b>	<b>\$</b>	<b>(130,183)</b>

Net increase in cash	\$	6,582
Cash and cash equivalents at beginning of year		635,725
<b>Cash and cash equivalents at end of year</b>	<b>\$</b>	<b>642,307</b>

### Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$	21,305
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### Adjustments to reconcile operating income to net cash provided by operating activities:

Interest on investments		(14,978)
Increase in fair value of investments		(8,002)
Interest on bonds		15,069

### Change in assets and liabilities:

Decrease in mortgage loans receivable		42,222
Decrease in accrued interest receivable on mortgage loans		367
Increase in other assets		(4,126)
Increase in accounts payable and other liabilities		3,328
Increase in unearned revenues		34,492

<b>Total adjustments</b>	<b>\$</b>	<b>68,372</b>
<b>Net cash provided by operating activities</b>	<b>\$</b>	<b>89,677</b>

The accompanying notes are an integral part of this financial statement.



## NOTES TO FINANCIAL STATEMENTS *(Unaudited)*

- A. BASIS OF PRESENTATION** The accompanying financial statements of the North Carolina Housing Finance Agency (Agency) have been prepared in accordance with generally accepted accounting principles in the United States of America as applicable to governments. The Governmental Accounting Standards Board establishes standards of financial accounting and reporting for state and local government entities. For full note disclosure, refer to the June 30, 2018 financial statements posted on the Agency's website at [www.nchfa.com](http://www.nchfa.com).

**Programs** The Agency's accounts are organized on the basis of programs. Each program represents a separate accounting entity. Agency resources are allocated to these programs based on legal responsibility, fiscal accountability, and management designation. The Agency's primary programs are summarized below:

Agency Programs Direct administrative and operational activities, including operating expenses of various programs, are recorded in Agency Programs.

Housing Trust Fund Programs The North Carolina Trust and Oil Overcharge Act created the North Carolina Housing Trust Fund (HTF) and the North Carolina Housing Partnership (Housing Partnership). The purpose of the HTF is to increase the supply of decent, affordable, and energy-efficient housing for residents of the State of North Carolina (State) with low and moderate incomes. The Housing Partnership is responsible for developing policy for the operation of most programs within the HTF. The Agency staff provides services to the Housing Partnership and administers the HTF programs. The Agency received State appropriations in the amount of \$13,830,000 for the six months ended December 31, 2018. Of this amount, \$3,830,000 is a recurring appropriation that is used to make loans and grants under the HTF programs. The remaining \$10,000,000 nonrecurring appropriation is for the Workforce Housing Loan Program, which makes loans for qualified North Carolina low-income multifamily housing developments.

In fiscal year 2018, the Agency received \$3,961,000 from the North Carolina Department of Health and Human Services (DHHS) for the Community Living Housing Fund (CLHF), which was appropriated by the North Carolina General Assembly (General Assembly) in fiscal year 2019 and is reported in *State grants received*. Additional funds for CLHF in the amount of \$7,258,000 were received and recorded as *Deferred state grant* in *Deferred Inflows of Resources*. These funds will only be available for disbursement upon appropriation by the General Assembly.

Federal and State Programs The Agency administers nine federal programs. Of the Agency's federal programs, the Section 8 programs, the Hardest Hit Fund®, and the HOME Investment Partnerships Program (HOME) represent 66%, 22%, and 11% of federal expenditures, respectively. The Agency receives a fee for administering these programs. The HOME Program is matched with State funds appropriated by the General Assembly; during the six months ended December 31, 2018, \$1,500,000 of HOME Match funds were received.

The Agency received \$2,752,000 for the Key Rental Assistance program and \$6,725,000 for the Community Living Rental Assistance Program from DHHS during the six months ended December 31, 2018. Both amounts are reported in *State grants received*.

Home Ownership Bond Programs The Home Ownership Bond Programs were created through various single-family trust agreements and are restricted as to their use. The proceeds of individual bond issues have historically been used to purchase first-time home buyer mortgage loans for single-family residential units. These mortgage loans are reflected in *Mortgage loans receivable, net*, and the related interest income is reflected in *Interest on mortgage loans*. Starting with purchases in fiscal year 2017, new

proceeds have been used to purchase mortgage-backed securities (MBS), in which first-time home buyer mortgage loans are pooled. These MBS are reflected in *Investments*, with the earnings from the MBS reflected in *Interest on investments*.

In addition to mortgage loans financed through the sale of bond issues, the Agency also finances mortgage loans through the sale of MBS on the secondary market. Because these MBS are sold on the secondary market, the revenue from the sales is reflected in *Program income/fees*.

The down payment assistance and the lender compensation related to the mortgage loans, regardless of whether sold on the secondary market or financed with bond proceeds, are reflected in *Nonfederal program expense*.

## B. BONDS PAYABLE

Bonds payable activity for the year ended December 31, 2018 was as follows (*in thousands*):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Bonds payable</b>				
Home Ownership	\$ 886,345	\$ 97,975	\$ (47,565)	\$ 936,755
Bond premium	14,065	2,021	(674)	15,412
<b>Total Bonds payable, net</b>	<b>\$ 900,410</b>	<b>\$ 99,996</b>	<b>\$ (48,239)</b>	<b>\$ 952,167</b>

Bonds payable as of December 31, 2018 are as follows (*in thousands*):

<u>Issue</u>	<u>Stated Rates (%)</u>	<u>Final Maturity</u>	<u>Principal Amount</u>
<b>Home Ownership Revenue Bonds</b>			
(1998 Housing Revenue Bonds Trust Agreement)			
Series 32	4.000	1/1/2030	\$ 39,855
Series 33	2.613 - 4.319	1/1/2029	44,265
Series 34	2.574 - 3.602	7/1/2035	22,980
Series 35	2.340 - 3.686	7/1/2032	24,050
Series 36	1.844 - 3.532	1/1/2033	34,980
Series 37	Variable - 3.500	7/1/2039	177,785
Series 38	1.400 - 4.000	7/1/2047	249,100
Series 39	1.900 - 4.000	7/1/2048	150,000
Series 40	1.875 - 4.250	7/1/2047	97,975
			<u>\$ 840,990</u>
<b>Home Ownership Revenue Bonds</b>			
(2009 Housing Revenue Bonds Trust Agreement)			
Series A-1 and Series 1	2.920 - 4.500	7/1/2041	\$ 40,090
Series A-2 and Series 2	2.640 - 4.250	7/1/2041	55,675
			<u>\$ 95,765</u>
<b>Total Bonds outstanding</b>			<u>\$ 936,755</u>
<b>Plus Bond premium</b>			<u>\$ 15,412</u>
<b>Total Bonds payable, net</b>			<u><b>\$ 952,167</b></u>

**Special facilities (Conduits)** The Agency issued Multifamily Housing Revenue Bonds which are not presented in the financial statements of the Agency. These bonds are secured solely by the properties and related revenues of the projects and the applicable credit enhancements. These bonds do not constitute a debt of and are not guaranteed by the State, any political subdivision thereof, or the Agency. Accordingly, these obligations are excluded from the Agency's financial statements.

Bonds payable as of December 31, 2018 for special facilities are as follows (*in thousands*):

<u>Issue</u>	<u>Bond Type</u>	<u>Bonds Outstanding</u>
Series 2018 (WWJ, LLC Portfolio)	Multifamily Housing Revenue Bonds	\$ 17,691
Series 2018 (Catawba Pines Apts.)	Multifamily Housing Revenue Bonds	\$ 3,000
<b>Total</b>		<b>\$ 20,691</b>



# **North Carolina Housing Finance Agency**

## **Additional Information**

**NORTH CAROLINA HOUSING FINANCE AGENCY**  
**COMBINING STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2018**  
(Unaudited)

(in thousands)	AGENCY	GRANT PROGRAMS		HOME OWNERSHIP BOND PROGRAMS		Total
	PROGRAMS	Housing Trust Fund Programs	Federal and State Programs	1998	2009	
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 18,681	-	-	-	-	\$ 18,681
Restricted cash and cash equivalents	65,100	120,628	147,616	277,592	12,690	623,626
Restricted investments	-	-	-	17,353	-	17,353
Accrued interest receivable on investments	49	200	140	2,628	53	3,070
Mortgage loans receivable	168	1,295	10,582	71,170	17,226	100,441
Accrued interest receivable on mortgage loans	2	14	142	2,799	586	3,543
Other assets	282	-	3,393	3,169	490	7,334
Interprogram receivable (payable)	7,208	(15)	(6,005)	(1,188)	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 91,490</b>	<b>122,122</b>	<b>155,868</b>	<b>373,523</b>	<b>31,045</b>	<b>\$ 774,048</b>
<b>Noncurrent assets:</b>						
Investments	\$ 983	-	-	-	-	\$ 983
Restricted investments	1,985	-	-	580,412	5,996	588,393
Mortgage loans receivable, net	1,772	13,346	81,230	303,551	77,372	477,271
Other assets, net	2,887	-	-	-	-	2,887
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$ 7,627</b>	<b>13,346</b>	<b>81,230</b>	<b>883,963</b>	<b>83,368</b>	<b>\$ 1,069,534</b>
<b>TOTAL ASSETS</b>	<b>\$ 99,117</b>	<b>135,468</b>	<b>237,098</b>	<b>1,257,486</b>	<b>114,413</b>	<b>\$ 1,843,582</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows for pensions	\$ 2,462	-	-	-	-	\$ 2,462
Deferred outflows for other postemployment benefits	1,409	-	-	-	-	1,409
Accumulated decrease in fair value of hedging derivative	-	-	-	1,687	-	1,687
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 3,871</b>	<b>-</b>	<b>-</b>	<b>1,687</b>	<b>-</b>	<b>\$ 5,558</b>
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Bonds payable	\$ -	-	-	27,140	3,195	\$ 30,335
Accrued interest payable	-	-	-	13,224	1,495	14,719
Accounts payable	377	179	2,020	594	23	3,193
Unearned revenues	1,725	-	51,605	-	-	53,330
Other liabilities	215	-	2	-	-	217
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 2,317</b>	<b>179</b>	<b>53,627</b>	<b>40,958</b>	<b>4,713</b>	<b>\$ 101,794</b>
<b>Noncurrent liabilities:</b>						
Bonds payable, net	\$ -	-	-	829,074	92,758	\$ 921,832
Derivative instrument - interest rate swap	-	-	-	1,687	-	1,687
Unearned revenues	14,528	-	-	-	-	14,528
Pension liability	4,155	-	-	-	-	4,155
Other postemployment benefits	14,467	-	-	-	-	14,467
Other liabilities	4,969	-	-	-	-	4,969
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 38,119</b>	<b>-</b>	<b>-</b>	<b>830,761</b>	<b>92,758</b>	<b>\$ 961,638</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 40,436</b>	<b>179</b>	<b>53,627</b>	<b>871,719</b>	<b>97,471</b>	<b>\$ 1,063,432</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred state grant	\$ -	7,258	-	-	-	\$ 7,258
Deferred inflows for pensions	136	-	-	-	-	136
Deferred inflows for other postemployment benefits	5,026	-	-	-	-	5,026
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 5,162</b>	<b>7,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 12,420</b>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 2,859	-	-	-	-	\$ 2,859
Restricted net position	49,165	128,031	183,471	387,454	16,942	765,063
Unrestricted net position	5,366	-	-	-	-	5,366
<b>TOTAL NET POSITION</b>	<b>\$ 57,390</b>	<b>128,031</b>	<b>183,471</b>	<b>387,454</b>	<b>16,942</b>	<b>\$ 773,288</b>

**NORTH CAROLINA HOUSING FINANCE AGENCY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**SIX MONTHS ENDED DECEMBER 31, 2018**  
(Unaudited)

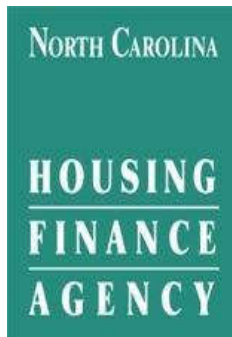
(in thousands)	AGENCY PROGRAMS	GRANT PROGRAMS		HOME OWNERSHIP BOND PROGRAMS		Total
		Housing Trust Fund Programs	Federal and State Programs	1998	2009	
<b>OPERATING REVENUES</b>						
Interest on investments	\$ 784	1,047	918	12,103	126	\$ 14,978
Net (decrease) increase in fair value of investments	(29)	-	-	7,946	85	8,002
Interest on mortgage loans	13	271	585	11,334	2,002	14,205
Federal program awards received	-	-	107,901	-	-	107,901
Program income/fees	8,607	659	17,143	10,074	-	36,483
Other revenues	4	-	-	-	-	4
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 9,379</b>	<b>1,977</b>	<b>126,547</b>	<b>41,457</b>	<b>2,213</b>	<b>\$ 181,573</b>
<b>OPERATING EXPENSES</b>						
Interest on bonds	\$ -	-	-	13,584	1,485	\$ 15,069
Mortgage servicing expense	-	-	-	627	177	804
Federal program expense	-	-	109,624	-	-	109,624
Nonfederal program expense	1,060	-	-	19,223	-	20,283
General and administrative expense	10,348	-	3,078	281	17	13,724
Other expenses	3	13	431	292	25	764
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 11,411</b>	<b>13</b>	<b>113,133</b>	<b>34,007</b>	<b>1,704</b>	<b>\$ 160,268</b>
<b>OPERATING (LOSS) INCOME</b>	<b>\$ (2,032)</b>	<b>1,964</b>	<b>13,414</b>	<b>7,450</b>	<b>509</b>	<b>\$ 21,305</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Transfers in (out)	\$ 10,645	(38)	(9,075)	(1,532)	-	\$ -
State appropriations received	-	13,830	1,500	-	-	15,330
State grants received	-	3,961	9,477	-	-	13,438
State program expense	-	(13,086)	(11,084)	-	-	(24,170)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>\$ 10,645</b>	<b>4,667</b>	<b>(9,182)</b>	<b>(1,532)</b>	<b>-</b>	<b>\$ 4,598</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 8,613</b>	<b>6,631</b>	<b>4,232</b>	<b>5,918</b>	<b>509</b>	<b>\$ 25,903</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>\$ 48,777</b>	<b>121,400</b>	<b>179,239</b>	<b>381,536</b>	<b>16,433</b>	<b>\$ 747,385</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 57,390</b>	<b>128,031</b>	<b>183,471</b>	<b>387,454</b>	<b>16,942</b>	<b>\$ 773,288</b>

**NORTH CAROLINA HOUSING FINANCE AGENCY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**SIX MONTHS ENDED DECEMBER 31, 2018**  
(Unaudited)

(in thousands)	AGENCY PROGRAMS	GRANT PROGRAMS		HOME OWNERSHIP BOND PROGRAMS		Total
		Housing Trust	Federal and	1998	2009	
		Fund Programs	State Programs			
<b>Cash flows from operating activities:</b>						
Interest on mortgage loans	\$ 13	274	613	11,629	1,994	\$ 14,523
Principal payments on mortgage loans	78	620	7,176	31,549	6,915	46,338
Purchase of mortgage loans	-	-	(4,608)	-	-	(4,608)
Principal payments on mortgage loans held for resale	-	-	-	63,390	-	63,390
Purchase of mortgage loans held for resale	-	-	-	(63,390)	-	(63,390)
Federal program awards received	-	-	141,652	-	-	141,652
Federal program expense	-	-	(109,173)	-	-	(109,173)
Nonfederal program expense	(1,060)	-	-	(19,223)	-	(20,283)
Federal grant administration income	-	-	5,783	-	-	5,783
Program income/fees	9,085	659	9,480	10,074	-	29,298
Other expenses	(10,262)	(43)	(472)	(107)	(481)	(11,365)
Other revenues	(4,393)	125	-	602	1,178	(2,488)
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (6,539)</b>	<b>1,635</b>	<b>50,451</b>	<b>34,524</b>	<b>9,606</b>	<b>\$ 89,677</b>
<b>Cash flows from non-capital financing activities:</b>						
Issuance of bonds	\$ -	-	-	97,975	-	\$ 97,975
Principal repayments on bonds	-	-	-	(38,625)	(8,940)	(47,565)
Interest paid	-	-	-	(8,650)	(1,689)	(10,339)
Bond issuance costs paid	-	-	-	(878)	-	(878)
Net transfers	10,645	(38)	(9,075)	(1,532)	-	-
State appropriations received	-	13,830	1,500	-	-	15,330
State grants received	-	7,258	9,477	-	-	16,735
State program expense	-	(13,086)	(11,084)	-	-	(24,170)
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>\$ 10,645</b>	<b>7,964</b>	<b>(9,182)</b>	<b>48,290</b>	<b>(10,629)</b>	<b>\$ 47,088</b>
<b>Cash flows from investing activities:</b>						
Proceeds from sales or maturities of investments	\$ 2,000	-	-	13,182	1,000	\$ 16,182
Purchase of investments	-	-	-	(160,574)	-	(160,574)
Earnings on investments	765	992	827	11,455	170	14,209
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 2,765</b>	<b>992</b>	<b>827</b>	<b>(135,937)</b>	<b>1,170</b>	<b>\$ (130,183)</b>
Net increase (decrease) in cash	\$ 6,871	10,591	42,096	(53,123)	147	\$ 6,582
Cash and cash equivalents at beginning of year	76,910	110,037	105,520	330,715	12,543	635,725
<b>Cash and cash equivalents at end of year</b>	<b>\$ 83,781</b>	<b>120,628</b>	<b>147,616</b>	<b>277,592</b>	<b>12,690</b>	<b>\$ 642,307</b>
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:</b>						
Operating (loss) income	\$ (2,032)	1,964	13,414	7,450	509	\$ 21,305
<b>Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:</b>						
Interest on investments	(784)	(1,047)	(918)	(12,103)	(126)	(14,978)
Decrease (Increase) in fair value of investments	29	-	-	(7,946)	(85)	(8,002)
Interest on bonds	-	-	-	13,584	1,485	15,069
<b>Change in assets and liabilities:</b>						
Decrease in mortgage loans receivable	79	633	2,954	31,633	6,923	42,222
Decrease in interest receivable on mortgage loans	-	3	28	335	1	367
(Increase) Decrease in other assets	(3,967)	125	(2,064)	602	1,178	(4,126)
(Decrease) Increase in accounts payable and other liabilities	(421)	(43)	3,102	969	(279)	3,328
Increase in unearned revenues	557	-	33,935	-	-	34,492
<b>Total adjustments</b>	<b>\$ (4,507)</b>	<b>(329)</b>	<b>37,037</b>	<b>27,074</b>	<b>9,097</b>	<b>\$ 68,372</b>
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (6,539)</b>	<b>1,635</b>	<b>50,451</b>	<b>34,524</b>	<b>9,606</b>	<b>\$ 89,677</b>







***Our Mission*** is to create affordable housing opportunities for North Carolinians whose needs are not met by the market.

***Our Vision*** is to lead the nation in creating sustainable housing opportunities that people can afford.

***Our Values:*** *We Care, We Act, We Lead.*

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