

## WHEDA Financials

### STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the Fiscal Years ended June 30, 2019 and 2018 (millions of dollars).

|   | <u>2019</u>   | <u>2018</u>   | <u>Favorable / (Unfavorable)</u> |              |
|---|---------------|---------------|----------------------------------|--------------|
|   |               |               | <u>Amount</u>                    | <u>%</u>     |
| Mortgage Income                           | 64.3          | 63.0          | 1.3                              | 2.1          |
| Mortgage-Backed Investment Income (Net)   | 71.6          | (1.7)         | 73.3                             | 4,311.8      |
| Investment Income (Net)                   | 14.2          | 8.7           | 5.5                              | 63.2         |
| Interest Expense and Debt Financing Costs | <u>(51.6)</u> | <u>(42.5)</u> | <u>(9.1)</u>                     | (21.4)       |
| <b>Net Interest Income</b>                | <b>98.5</b>   | <b>27.5</b>   | <b>71.0</b>                      | <b>258.2</b> |
| Mortgage Service Fees                     | 7.6           | 7.8           | (0.2)                            | (2.6)        |
| Pass-Through Subsidy Revenue              | 186.3         | 183.8         | 2.5                              | 1.4          |
| Grant Income                              | 3.3           | 0.9           | 2.4                              | 266.7        |
| Other                                     | <u>20.9</u>   | <u>35.4</u>   | <u>(14.5)</u>                    | (41.0)       |
| <b>Net Interest and Other Income</b>      | <b>316.6</b>  | <b>255.4</b>  | <b>61.2</b>                      | <b>24.0</b>  |
| Direct Loan Program Expense               | 19.1          | 15.3          | (3.8)                            | (24.8)       |
| Pass-Through Subsidy Expense              | 186.3         | 183.8         | (2.5)                            | (1.4)        |
| Grants and Services                       | 1.3           | 0.5           | (0.8)                            | (160.0)      |
| General and Administrative Expenses       | 22.1          | 21.2          | (0.9)                            | (4.2)        |
| Other Expense                             | <u>0.5</u>    | <u>0.7</u>    | <u>0.2</u>                       | 28.6         |
| <b>Change in Net Position</b>             | <b>87.3</b>   | <b>33.9</b>   | <b>53.4</b>                      | <b>157.5</b> |
| <b>Net Position, Beginning of Year</b>    | <b>757.0</b>  | <b>723.1</b>  | <b>33.9</b>                      | <b>4.7</b>   |
| <b>Net Position, End of Year</b>          | <b>844.3</b>  | <b>757.0</b>  | <b>87.3</b>                      | <b>11.5</b>  |

Schedule may not foot due to rounding.

Net Interest Income grew by \$71.0 million during fiscal 2019 to finish the year at \$98.5 million. The increase was primarily in the MBS investment portfolio. While the volume of MBS investments in the portfolio grew by almost 38.8% during the year, Governmental Accounting Standard Board Statement No. 31 requires that the Authority periodically adjust the investments to reflect current market value. The cumulative adjustment for fiscal year 2019 was a write-up of \$42.0 million. While the Authority doesn't intend to actually realize these gains, the adjustment can lead to significant swings in the recorded value of the portfolio. Mortgage income from the Authority's traditional mortgages was up \$1.3 million during 2019 because the Multifamily segment has had several years of strong lending that have generated additional income.

Direct loan program expense increased by 24.8% or \$3.8 million during 2019. MBS origination fees paid to lenders rose by \$1.7 million which is a reflection of increased volume in the MBS investment portfolio. Increases in liquidity fees and the loan loss provision also contributed to the growth in this area during the year.

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