

NORTHERN MARIANAS HOUSING CORPORATION
(A Component Unit of the Government of the CNMI)

Financial Statements and Independent Auditors' Report
and Additional Information

For the Year Ended September 30, 2021

NORTHERN MARIANAS HOUSING CORPORATION
(A Component Unit of the Government of the CNMI)

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northern Marianas Housing Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the Northern Marianas Housing Corporation (NMHC), a component unit of the Commonwealth of the Northern Mariana Islands, which comprise the statement of net position as of September 30, 2021, the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 an opinion 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 auditor's 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 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 opinion.

Saipan Office

1930 Picarro Lane, I Liyang Village
P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837
Fax Nos. (670) 235-6905 (670) 233-8214

Guam Office

333 South Marine Corps Drive
Tamuning, Guam 96913
Tel Nos. (671) 646-5044 (671) 472-2680
Fax Nos. (671) 646-5045 (671) 472-2686

Palau Office

PIDC Apartment No. 11
PO Box 1266 Koror, PW 96940
Tel Nos. (680) 488-8615
Fax Nos. (680) 488-8616

Basis for Qualified Opinion

Management has not adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which was effective October 1, 2024. As discussed in Note 2 to the financial statements, NMHC has not recorded pension expense and related net pension asset or liability, deferred inflows of resources and deferred outflows of resources as of and for the year ended September 30, 2021. GASB Statement No. 68 requires an employer to recognize its proportionate share of the collective pension expense, as well as the net pension asset or liability, deferred inflows of resources and deferred outflows of resources. The amount by which this departure would affect the assets and deferred outflows of resources, liabilities, and deferred inflows of resources, net position and expenses of NMHC has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of NMHC as of September 30, 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Economic uncertainties as a result of the COVID-19 coronavirus pandemic may negatively impact NMHC's future results as described in Note 12 to the financial statements.

Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, 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 sufficient evidence to express an opinion or provide any assurance.

Other Financial Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise NMHC's basic statements as a whole. The Financial Data Schedule of NMHC's Section 8 Housing Choice Voucher and Emergency Housing Voucher Programs on pages 34 through 38, as required by the U.S. Department of Housing and Urban Development, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 2021 Financial Data Schedule of NMHCs Section 8 Housing Choice Voucher and Emergency Housing Voucher Programs are the responsibility of management and was derived from and relates directly to the underlying accounting records and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 2021 Financial Data Schedule of NMHC's Section 8 Housing Choice Voucher Emergency Housing Voucher Programs are fairly stated, in all material respects, in relation to the basic 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 October 7, 2025, on our consideration of the NMHC'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 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 the NMHC's internal control over financial reporting and compliance.

Bryce Conner & Associates

Tamuning, Guam
October 7, 2025



NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 500514, Saipan, MP 96950-0514

Email: nmhc@nmhc.gov.mp

Website: <http://www.nmhc.gov.net>

Tels: (670) 234-9447

234-6866

234-7670

Fax: (670) 234-9021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended September 30, 2021

This Management's Discussion and Analysis (MD&A) section of the Northern Marianas Housing Corporation's (NMHC) financial statements for the fiscal year ended September 30, 2021 is provided as a supplement to NMHC's financial statements for the same period, with selected comparative information for the fiscal years ended September 30, 2020 and 2019. The MD&A focuses on significant financial issues, provides an overview of NMHC's financial activities, identifies changes in NMHC's financial position and identifies individual fund issues or concerns. This section must be read in conjunction with the basic financial statements following this section.

This MD&A is presented in accordance with the Governmental Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

As required under accounting principles generally accepted in the United States of America, NMHC uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of NMHC are included in the statement of net position.

I. OVERVIEW OF NMHC

Major Programs of NMHC

NMHC operates the following programs:

- *Housing Choice Voucher Program (HCVP)*

Under this Program, the U.S. Department of Housing and Urban Development (HUD) provides rental supplements to the owners of existing private housing who rent to qualifying individuals. NMHC processes all applicants for HCVP, places approved applicants in housing and pays the owner of the private housing a monthly rental supplement. Under the conditions of an annual contributions contract, HUD reimburses NMHC for the rental supplements and the administrative cost of managing the program, up to a per unit limit established in the annual contributions contract.

- *Section 8 Housing Assistance Payment Program (HAP)*

The HAP Program is HUD-funder under which NMHC receives rental subsidies pursuant to a HAP contract to provide housing for very low-income families, low-income families, elderly and non-elderly disabled individuals. Under NMHC's HAP contract, NMHC provides 118 housing rental units for which Section 8 assistance will be provided. The Program restricts eligible families to citizens of the United States and noncitizens of the United States who have achieved certain eligible immigration status. In fiscal years 2021, 2020, and 2019, NMHC received \$1,435,990, \$1,371,555, and \$1,272,062, respectively, under this Program.

- *Emergency Housing Vouchers (EHV)*

On March 11, 2021 President Biden signed the American Rescue Plan Act of 2021 (P.L. 117-2) into law, which provides \$1.9 trillion in relief to address the continued impact of the COVID-19 pandemic. The U.S. Department of Housing and Urban Development (HUD) allocated approximately 70,000 Emergency Housing Vouchers (EHV) to PHAs across the country – NMHC has received 132 vouchers. To implement the EHV program within our community from PIH Notice 2021-15, NMHC was provided \$653,949 for Administrative Fees, Preliminary Fees, Service Fees, and housing assistance payment disbursement as of September 30, 2021.

- *Emergency Solutions Grant (ESG)*

HUD provides funds to NMHC under the ESG Program to provide financial assistance such as rental and utility assistance for up to 12 months to families and individuals who are literally homeless and at risk of being homeless. The ESG provides funding to NMHC for administering the program such as case management services, maintaining the Homeless Management Information System database software, and administrative services.

- *Emergency Solutions Grant-COVID (ESG-CV)*

The Coronavirus Aid, Relief, and Economic Security (CARES) Act appropriated funding through the ESG program to “prevent, prepare for, and respond to coronavirus, among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus under the Emergency Solutions Grants program (42 U.S.C. 11371).” The CNMI received a total of three ESG-CV allocations. The ESG-CV first, second, and third allocations were used for rapid rehousing assistance, homeless prevention assistance, housing relocation and stabilization services, homeless management information systems, and general administrative and planning activities. Income-eligible applicants will receive a total of twelve months rental assistance, financial assistance (e.g. security deposit, utility deposit, and utility assistance) for the applicable assistance period.



- *Community Development Block Grant (CDBG)*

CDBG is a HUD-funded program provided to the Commonwealth of the Northern Mariana Islands (CNMI) as a U.S territory, to fund CNMI community projects that benefit low and moderate-income people, to prevent or eliminate slums or blight and to address the threat to health or safety. Community projects may include acquisition, relocation, demolition, and rehabilitation of housing and commercial buildings, construction of public facilities and capital improvements, construction and maintenance of neighborhood centers, conversion of school buildings, public services, economic development, and job creation/retention activities. CDBG funds can also be used for preservation and restoration of historic properties in low-income neighborhoods.

- *Community Development Block Grant-Disaster Recovery (CDBG-DR)*

CDBG-DR is a HUD-funded program provided as a special appropriation by Congress to states, territories, counties, and municipalities to assist with long-term recovery, disaster relief, restoration of housing and infrastructure, and economic revitalization in the most distressed and impacted communities following a presidential declared disaster. It allows grantees to deploy funding to carry out a wide range of recovery activities and prioritizes low- and moderate-income (LMI) persons and geographies.

- *Community Development Block Grant-COVID (CDBG-CV)*

CDBG-CV provides grants to states, insular areas, and local governments to prevent, prepare for, and respond to the spread of COVID-19. The CNMI received a total of three CDBG-CV allocations. The CDBG-CV first allocation was used for the purchase of a mobile clinic for the Commonwealth Healthcare Corporation (CHCC). The CHCC mobile clinic is designed to complement traditional care settings and extend care to high-risk individuals who do not access care in traditional settings due to distrust of traditional health care services, perceived stigma, and financial barriers, among other reasons. The CDBG-CV second allocation was used to provide mortgage assistance to income-eligible applicants who were impacted by COVID-19. Eligible activities include public services, public facilities, and improvements, housing-related activities, activities to acquire real property, economic development activities, and general administrative and planning activities. The CDBG-CV third allocation was used for the Food Pantry Program. NMHC awarded 2 non-profit organizations; Karidat Social Services and Center for Living Independently in the CNMI (CLI) to supplement and expand ongoing efforts to procure food and infection control supplies to eligible families and general administrative and planning activities.

- *Continuum of Care (CoC)*

NMHC, in collaboration with the CNMI's Homeless Prevention Coalition (the Coalition), applied for funding through HUD's CoC program. The NMHC and the Coalition received funding in FY2021 totaling \$13,983 in planning funds.



- *HOME Investment Partnerships Program (HOME)*

Under this Program, NMHC provides single-family housing loans and grants to eligible low-income families to construct new homes, acquire and rehabilitate homes or rehabilitate existing homes. For program year 2020 (FY 2021), the HOME allocation received was in the amount of \$463,940; and from this amount, \$69,591 was sub-allocated for administrative costs.

- *Neighborhood Stabilization Program (NSP)*

NSP is a HUD-funded program established by the U.S. Congress to stabilize communities that have suffered from housing loan foreclosures and abandonment through the purchase and redevelopment of foreclosed and abandoned homes and residential properties. No new projects were committed in FY 2020 and the Mortgage and Credit Division only monitors and services previously issued loans.

- *Low-Income Housing Projects in Lieu of Tax Credits (LIHTC) Program*

NMHC is the government agency authorized to administer the LIHTC Program in the CNMI. The LIHTC Program is available to owners/developers of qualifying buildings and projects that meet certain low-income occupancy and rent restrictions. Section 42 of the Internal Revenue Code provides that the CNMI prepare a Qualified Allocation Plan (QAP) to determine housing priorities and to give preference to projects serving the lowest income tenants and projects obligated to serve qualified tenants for the longest periods.

NMHC has developed a QAP for 2020 which describes the basis NMHC will use to allocate LIHTCs among qualified owners/developers. The tax credit allocated to the CNMI for 2020 was \$3,217,500. The due date for the application submission is January 31, 2020.

NMHC has developed a QAP for 2021 and 2022 which describes the basis NMHC will use to allocate LIHTCs among qualified owners/developers. The tax credit allocated to the CNMI for 2021 was \$3,245,625.



Asset Management Division (AMD)

AMD handles NMHC's assets and provides technical and maintenance assistance to the HAP, HOME, and CDBG programs. The goals of AMD are to maximize resources for the continuity of NMHC programs, expedite the process of turnaround time for vacant units, maintain full occupancy of Mihaville and Koblerville projects, ensuring units are safe, decent and sanitary, obtain high scores in Real Estate Assessment Center (REAC) inspections, develop systemic quarterly inspections minimizing maintenance costs, improve collection of tenant damage costs and provide home care counseling to tenants and consistent program requirements training to personnel. Additionally, AMD managed and implemented related repairs from damage sustained during Supertyphoon Yutu. Repair work included NMHC Main Office, Mihaville Estate, Koblerville Estate, and other associated repairs for satellite properties owned or managed by NMHC. AMD is currently pursuing reimbursement for these projects under the CDBG-DR program.

HUD helps make homes affordable through several rental assistance programs. HUD inspects these properties based on federal inspections standards set by HUD's REAC. Multifamily properties are inspected every one to three years. How often they are inspected is based on their previous inspection score. Properties that score well are inspected less often. For the last REAC inspection in September 2021, Tinian Broadway scored 69d, Rota Blue Bay Homes scored 93a, Mihaville scored 87b and Koblerville scored 84b.

II. OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This MD&A is intended to provide general explanations to NMHC's basic financial statements.

The *Statement of Net Position* presents information on NMHC's assets and liabilities, with the difference between the two reported as net position. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". Over time, increases or decreases in net position may serve as useful indications as to whether NMHC's financial health is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* illustrates how NMHC's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in subsequent years.

The *Statement of Cash Flows* conveys how NMHC's cash was used in and provided by its operating, noncapital financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash balances at September 30, 2021, and 2020. NMHC uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where cash came from, how cash was used, and what the change was in the cash balance during the year.



II. OVERVIEW OF THE BASIC FINANCIAL STATEMENTS, Continued

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

III. FINANCIAL HIGHLIGHTS

Total assets increased by more than 8% from \$22,364,311 in 2020 to \$24,149,474 in 2021 and decreased by .28% from \$22,427,674 in 2019 to \$22,364,311 in 2020. Current assets of \$4,390,003, \$5,018,226, and \$5,019,402 as of September 30, 2021, 2020 and 2019, respectively, are primarily comprised of cash, current portion of loans receivable, finance lease receivables, and receivables from tenants.

Total other assets as of September 30, 2021, and 2020 were \$5,074,713 and \$3,375,401, respectively, which is an increase of 50% in restricted cash and cash equivalents. Total other assets as of September 30, 2020 and 2019 were \$3,375,401 and \$3,264,513, respectively, which is an increase of 14% in restricted cash and cash equivalents.

Foreclosed real estate increased by 1% from \$530,698 in 2020 to \$535,998 in 2021. This increase was due primarily to the Rural Development foreclosed units. Foreclosed real estate increased by 9% from \$488,698 in 2019 to \$530,698 in 2020. This increase was due primarily to NMHC's execution of foreclosures during fiscal year 2019.

NMHC's total net position increased by 4% from \$18,307,559 in 2020 to \$19,044,108 in 2021 and decreased by -4% from \$19,044,297 in 2019 to \$18,307,559 in 2020. Net position represents NMHC's equity after liabilities are subtracted from assets. Net position is divided into two major categories. The first category, net investment in capital assets, indicates NMHC's equity in land, buildings and improvement and machinery and equipment, net of related outstanding debt. The second category, restricted net position, has external limitations on the way in which these assets can be used.

As of September 30, 2021, NMHC's current assets of \$4,390,003 exceed current liabilities of \$3,531,012 by \$858,991. As of September 30, 2020, NMHC's current assets of \$5,018,226 exceed current liabilities of \$3,042,601 by \$1,975,625. As of September 30, 2019, NMHC's current assets of \$5,019,402 exceed current liabilities of \$2,893,790 by \$2,125,612.

NMHC's operating (loss) income during fiscal years 2021, 2020, and 2019 were \$733,743, \$(658,487), and \$442,684 respectively.



IV. FINANCIAL ANALYSIS

a. Statements of Financial Position

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2019</u>
Current assets	\$ 4,390,003	\$ 5,018,226	\$ (628,223)	-13%	\$ 5,019,402
Other assets	5,074,713	3,375,401	1,699,312	50%	3,264,513
Capital assets, net	8,680,447	8,936,827	(256,380)	-3%	9,239,971
Foreclosed real estate	535,998	530,698	5,300	1%	488,698
Noncurrent assets	<u>5,468,313</u>	<u>4,503,159</u>	<u>965,154</u>	<u>21%</u>	<u>4,415,090</u>
Total assets	<u>\$ 24,149,474</u>	<u>\$ 22,364,311</u>	<u>\$ 1,785,163</u>	<u>8%</u>	<u>\$ 22,427,674</u>
Current liabilities	\$ 3,531,012	\$ 3,042,601	\$ 488,411	16%	\$ 2,893,790
Noncurrent liabilities	<u>1,315,666</u>	<u>539,496</u>	<u>776,170</u>	<u>144%</u>	<u>351,693</u>
Total liabilities	4,846,678	3,582,097	1,264,581	35%	3,245,483
Deferred inflows of resources	<u>258,688</u>	<u>474,655</u>	<u>(215,967)</u>	<u>-45%</u>	<u>137,894</u>
Net investment in capital assets	8,680,447	8,936,827	(256,380)	-3%	9,239,971
Restricted	<u>10,363,661</u>	<u>9,370,732</u>	<u>992,929</u>	<u>11%</u>	<u>9,804,326</u>
Total net position	<u>19,044,108</u>	<u>18,307,559</u>	<u>736,549</u>	<u>4%</u>	<u>19,044,297</u>
Total liabilities and net position	<u>\$ 24,149,474</u>	<u>\$ 22,364,311</u>	<u>\$ 1,785,163</u>	<u>8%</u>	<u>\$ 22,427,674</u>

b. Statement of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2019</u>
Operating revenues	\$ 10,737,893	\$ 7,341,868	\$ 3,396,025	46%	\$ 6,844,365
Recovery	<u>858,183</u>	<u>295,924</u>	<u>562,259</u>	<u>190%</u>	<u>538,158</u>
Net operating revenues	11,596,076	7,637,792	3,958,284	52%	7,382,523
Operating expenses	<u>10,862,333</u>	<u>8,296,279</u>	<u>2,566,054</u>	<u>31%</u>	<u>6,939,839</u>
Operating (loss) income	733,743	(658,487)	1,392,230	-211%	442,684
Nonoperating revenues	<u>2,806</u>	<u>18,954</u>	<u>(16,148)</u>	<u>-85%</u>	<u>11,500</u>
Income (loss) before capital contributions	736,549	(639,533)	1,376,082	-215%	454,184
Capital grants and contributions	<u>-</u>	<u>(97,205)</u>	<u>97,205</u>	<u>-100%</u>	<u>-</u>
Change in net position	736,549	(736,738)	1,473,287	-200%	454,184
Net position - beginning, as restated	<u>18,307,559</u>	<u>19,044,297</u>	<u>(736,738)</u>	<u>-4%</u>	<u>18,590,113</u>
Net position - ending	<u>\$ 19,044,108</u>	<u>\$ 18,307,559</u>	<u>\$ 736,549</u>	<u>4%</u>	<u>\$ 19,044,297</u>



IV. FINANCIAL ANALYSIS, Continued

c. Statements of Cash Flows

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2019</u>
Cash flows from operating activities	\$ 1,363,123	\$ (210,747)	\$ 1,573,870	-747%	\$ (90,069)
Cash flow from capital and related financing activities	(307,658)	200,897	(508,555)	-253%	391,187
Cash flows from investing activities	<u>(1,696,506)</u>	<u>(91,934)</u>	<u>(1,604,572)</u>	1745%	<u>(361,672)</u>
Net (decrease) increase in cash and cash equivalents	(641,041)	(101,784)	(539,257)	530%	(60,554)
Cash and cash equivalents at beginning of year	<u>2,172,325</u>	<u>2,274,109</u>	<u>(101,784)</u>	-4%	<u>2,334,663</u>
Cash and cash equivalents at end of year	<u>\$ 1,531,284</u>	<u>\$ 2,172,325</u>	<u>\$ (641,041)</u>	-30%	<u>\$ 2,274,109</u>

d. Capital Assets

At September 30, 2021, 2020, and 2019, NMHC had \$8,680,447, \$8,936,827, and \$9,239,971, respectively, net investment in capital assets, net of depreciation where applicable. This represents a net decrease of \$(256,380) or -3% during fiscal year 2021, and a net decrease of \$(303,144) or -3% during fiscal year 2020.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Depreciable capital assets, net of accumulated	\$ 1,012,265	\$ 1,648,645	\$ 592,300
Non-depreciable capital assets	<u>7,668,182</u>	<u>7,288,182</u>	<u>8,647,671</u>
	<u>\$ 8,680,447</u>	<u>\$ 8,936,827</u>	<u>\$ 9,239,971</u>

V. ECONOMIC FACTORS AFFECTING NMHC'S FUTURE

Economic uncertainties as a result of the COVID-19 coronavirus pandemic may negatively impact NMHC's future financial results. See note 12 to the financial statements for more detailed information.

NMHC's program and operating revenues are primarily provided by the U.S. federal government through operating subsidies, Section 8 HAP payments, and other minor grants. The operating subsidy for 2019 was \$5,953,234. Based on the CNMI's annual awards and the contract with HUD, NMHC anticipates that HUD assistance programs will continue into the foreseeable future.



V. ECONOMIC FACTORS AFFECTING NMHC'S FUTURE, Continued

Nevertheless, U.S. Congress continues to increase Section 8 housing assistance funding. The increase in funding impacts NMHC's operating capabilities and financial position. During 2019, NMHC received \$1,272,062 in federal funds for its housing. Such assistance has typically come with use restrictions and generally limits NMHC's ability to encumber or leverage debt financing against HUD properties in its asset portfolio.

On September 24, 2020, Executive Order 2020-21 established NMHC as the successor agency to the former Mariana Islands Housing Authority pursuant to Public Law 20-87 and rescinded NMHC's assignment to the Commonwealth Development Authority (CDA). The operations of NMHC shall continue under the direction and control of the CDA Board of Directors until all positions of the NMHC Board of Directors are appointed and confirmed.

Management's Discussion and Analysis for the year ended September 30, 2021 is set forth in NMHC's report on the audit of the financial statements, which is dated September 30, 2021. That Discussion and Analysis explains the major factors impacting the 2021 financial statements and can be viewed at the Office of the Public Auditor's website at www.opacnmi.com.

VI. REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of NMHC's finances and to demonstrate NMHC's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Zenie P. Mafnas, Corporate Director Northern Marianas Housing Corporation
P.O. Box 500514 Saipan, MP 96950-0514
Telephone: (670) 234-6866/9447
Facsimile: (670) 234-9021/233-6870
Email: zpmafnas@nmhcgov.net



NORTHERN MARIANAS HOUSING CORPORATION

Statement of Net Position

September 30, 2021

<u>ASSETS</u>	<u>2021</u>
Current assets:	
Cash and cash equivalents	\$ 1,531,284
Receivables:	
Current portion of loans receivable, net	1,590,884
Current portion of finance lease receivable	26,651
Rent, net of allowance for doubtful accounts of \$686,070 and \$652,259 at September 30, 2021 and 2020, respectively	362,632
Accrued interest, net of allowance for doubtful accounts of \$30,691 and \$47,888 at September 30, 2021 and 2020, respectively	82,913
Due from grantor - Disaster Recovery Grant	258,688
Employees	5,482
Other	<u>531,469</u>
Total current assets	<u>4,390,003</u>
Other assets:	
Cash and cash equivalents, restricted	<u>5,074,713</u>
Noncurrent assets:	
Loans receivable, net of current portion	4,719,503
Finance lease receivable, net of current portion	748,810
Depreciable capital assets, net of accumulated depreciation	1,012,265
Nondepreciable capital assets	7,668,182
Foreclosed real estate	<u>535,998</u>
Total noncurrent assets	<u>14,684,758</u>
	<u>\$ 24,149,474</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u> <u>AND NET POSITION</u> 	
Current liabilities:	
Accounts payable and accrued expenses	\$ 1,243,972
Due to grantor agency	586,083
Reserve for loan guaranty	<u>1,700,957</u>
Total current liabilities	3,531,012
Unearned revenues	<u>1,315,666</u>
Total liabilities	<u>4,846,678</u>
Deferred inflows of resources:	
Unearned revenues	<u>258,688</u>
Total deferred inflows of resources	<u>258,688</u>
Contingencies	
Net position:	
Net investment in capital assets	8,680,447
Restricted	<u>10,363,661</u>
Total net position	<u>19,044,108</u>
	<u>\$ 24,149,474</u>

See accompanying notes to financial statements.

NORTHERN MARIANAS HOUSING CORPORATION

Statement of Revenues, Expenses and Changes in Net Position

Year Ended September 30, 2021

	2021
Operating revenues:	
Section 8 income:	
Federal housing assistance rentals	\$ 5,212,996
Tenant share	162,428
Community Development Block Grants (CDBG) Program	2,775,731
Emergency Shelter Grants (ESG) Program	1,087,352
HOME Investment Partnership Grant program income:	336,925
Interest and fees on loans	217,696
Low Income Housing Tax Credit (LIHTC)	64,400
Housing rental	42,700
Continuum of Care (COC) income	458
Other	837,207
	10,737,893
Recovery	858,183
Net operating revenues	11,596,076
Operating expenses:	
Section 8 rental	5,399,213
CDBG Program	2,843,578
ESG Program	1,086,700
HOME Investment Partnership Program Grant	572,545
LIHTC	16,090
Homeowners Assistance Fund	2,399
COC Program	2,369
Operations:	
Depreciation	292,978
Salaries and wages	151,762
Employee benefits	150,130
Professional fees	70,474
Repairs and maintenance	49,407
Supplies	8,765
Utilities	2,193
Travel	1,018
Provision for loan guaranty	(322,893)
Other	535,605
Total operating expenses	10,862,333
Operating (loss) income	733,743
Nonoperating revenues:	
Interest income	2,806
Total nonoperating revenues	2,806
Change in net position	736,549
Net position - beginning	18,307,559
Net position - ending	\$ 19,044,108

See accompanying notes to financial statements.

NORTHERN MARIANAS HOUSING CORPORATION

Statement of Cash Flows
For the year ended September 30, 2021

	2021
Cash flows from operating activities:	
Cash received from interest and fees on loans receivables	\$ 235,978
Cash payments to suppliers for goods and services	(657,990)
Cash received from customers	1,453,497
Cash payments to employees for services	(2,235,576)
Cash received from other federal grant awards	10,113,296
Cash payments from federal grant awards	<u>(7,546,082)</u>
Net cash used for operating activities	<u>1,363,123</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(39,995)
Net proceeds from loans receivable	<u>(267,663)</u>
Net cash provided by capital and related financing activities	<u>(307,658)</u>
Cash flows from investing activities:	
Purchase of restricted cash and cash equivalents	(1,699,312)
Interest received	<u>2,806</u>
Net cash used for investing activities	<u>(1,696,506)</u>
Net decrease in cash and cash equivalents	(641,041)
Cash and cash equivalents at beginning of year	<u>2,172,325</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,531,284</u></u>
Reconciliation of operating (loss) income to net cash used for operating activities:	
Operating (loss) income	733,743
Adjustments to reconcile operating loss to net cash used in operating activities:	
Provision for loan guaranty	(322,893)
Depreciation	292,978
Recovery from doubtful accounts	(858,183)
Recovery from foreclosed properties	-
Capital grants and contributions	-
(Increase) decrease in assets:	
Receivables:	
Finance lease	12,456
Rent	(67,194)
Employees	2,604
Accrued interest	18,282
Other	(36,144)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	508,034
Due to grantor agency	303,270
Unearned revenues	<u>776,170</u>
Net cash used for operating activities	<u><u>\$ 1,363,123</u></u>
Supplemental disclosure of noncash capital and related financing activities:	
Recognition of loans receivable:	
Noncash increase (decrease) in loans receivable	\$ (288,129)
Noncash increase (decrease) in allowance for doubtful accounts	<u>288,129</u>
	<u><u>\$ -</u></u>
Recognition of foreclosed properties:	
Noncash increase (decrease) in foreclosed properties	<u>\$ 5,300</u>
	<u><u>\$ 5,300</u></u>
Recognition of due from grantor - Disaster Recovery Grant:	
Noncash increase (decrease) in due from grantor - Disaster Recovery Grant	\$ (215,967)
Noncash decrease (increase) in deferred inflows of resources - unearned revenues	<u>215,967</u>
	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(1) Reporting Entity

The Northern Marianas Housing Corporation (NMHC), a division of the Commonwealth Development Authority (CDA), formerly the Mariana Islands Housing Authority (MIHA), was established to assist in the development and administration of low-cost residential housing in the Northern Mariana Islands. MIHA was empowered to provide low-cost residential housing and employ through the construction, maintenance, and repair of such. On October 20, 1994, Executive Order 94-3 became effective which abolished MIHA and all of its functions, assets and liabilities were transferred to CDA. CDA established NMHC as a division to account for the operations, assets and liabilities of MIHA. On September 24, 2020, the Governor of the CNMI signed Executive Order 2020-21 to rescind Section 407 of Executive Order 94-3, pertaining to the functions of NMHC and its assignment to CDA and allowing for NMHC to remain the successor agency to MIHA pursuant to Public Law 20-87. The operations of NMHC shall continue under the direction and control of the CDA Board of Directors until all positions of the NMHC Board of Directors are appointed and confirmed. NMHC is governed by a seven-member Board of Directors appointed by the Board of Directors of CDA. The purpose and functions of NMHC are as follows:

- To administer direct loans to qualified individuals for housing construction;
- To participate as guarantor or trustee in housing loan programs;
- To develop and construct rental housing;
- To construct and/or administer various other Federal and local residential and housing projects;
- To participate in projects subsidized by the U.S. Department of Housing and Urban Development (HUD). Upon completion of the projects, the residential units are rented to qualifying families and individuals; and
- To provide grant funding through the Community Development Block Grants/Special Purpose Grants/Insular Area program for community planning and development projects that will benefit low-moderate income communities.

As such, NMHC considers all its net position, except net position invested in capital assets, to be restricted for such purposes.

(2) Summary of Significant Accounting Policies

The accounting policies of NMHC conform to accounting principles generally accepted in the United States of American, as applicable to governmental entities, specifically proprietary funds. NMHC utilizes the flow of economic resources measurement focus. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(2) Summary of Significant Accounting Policies, Continued

Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statements of net position. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net position. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets

In accordance with Public Law 3-68, the Planning and Budgeting Act of 1983, NMHC submits an annual budget to the CNMI Office of the Governor.

Cash and Cash Equivalents

GASB Statement No. 40 addresses common deposit risks related to credit risk and concentration of credit risk. GASB Statement No. 40 also requires disclosure of formal policies related to deposit risks. NMHC does not have a deposit policy for custodial credit risk.

For purposes of the statements of net position and cash flows, cash and cash equivalents is defined as cash held in demand deposits and savings. At September 30, 2021, total unrestricted cash and cash equivalents were \$1,531,284 and the corresponding bank balances were \$1,616,953, which were maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC). CNMI law does not require component units to collateralize their bank accounts; however, NMHC elects to collateralize deposits with U.S. government obligations at the rate of 100%.

Restricted Cash and Cash Equivalents

As described in note 1, NMHC administers various Federal and local residential and housing projects. In administering these programs, NMHC is required to maintain certain funds as collateral or in accounts which are restricted for specific purposes.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses.

Other Receivable

U.S. Department of Agriculture Rural Development (USDA RD) defaulted loans receivable is recorded at its purchase price or the real property's fair value less cost to sell. Other receivables are stated at the amount of unpaid balances.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(2) Summary of Significant Accounting Policies, Continued

Loans Receivable, Interest Receivable and Allowance for Loan Losses

Loans and interest receivable are stated at the amount of unpaid principal and interest, reduced by an allowance for loan losses. Interest on loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. The allowance for loan losses is established through a provision for doubtful accounts charged to expense. Loans are charged against the allowance for loan losses when management believes that the collection of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may be uncollectible, based on evaluations of the collectability of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay.

Capital Assets

Capital assets are recorded at cost. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets. Current policy is to capitalize items in excess of \$5,000.

Long-lived assets for which management has committed to a plan to dispose of the assets, whether by sale or abandonment, are reported at the lower of carrying amount or fair values less costs to sell.

Land

Land is recorded at fair market value at the date of acquisition. Valuations are periodically performed by management and adjustments are made to reflect the land at the lower of the carrying amount or fair market value. The carrying amount of the land is evaluated on an annual basis to determine impairment by estimating the recoverable value. Recoverable value is based on management's historical knowledge and changes in market conditions from the time of valuation. An impairment loss is recognized in the period in which it arises.

Foreclosed Real Estate

Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value at the date of foreclosure less estimated selling costs establishing a new cost basis. Valuations are periodically performed by management and adjustments are made to reflect the real estate at the lower of the carrying amount or fair value less estimated costs to sell. Operating expenses or income, reductions in estimated values, and gains or losses on disposition of such properties are charged to current operations.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(2) Summary of Significant Accounting Policies, Continued

Compensated Absences

Vested or accumulated vacation leave is recorded as benefits accrued to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Accumulated sick pay benefits as of September 30, 2021 were \$104,497.

Unearned Revenues

Unearned revenues are recognized when resource is received prior to being earned and relates to Housing Choice Voucher CARES Act funding from HUD of \$135,278 and Emergency Housing Voucher funding from HUD of \$630,556 as of September 30, 2021, which pertains to federal award money received before the qualifying expenditure is made, and recorded capital asset under the Community Development Block Grant program administered by NMHC of \$380,000 as of September 30, 2021.

Deferred Inflows of Resources

Deferred inflows of resources represent unavailable revenue from the Community Development Block Grant Disaster Recovery (CDBG-DR) program, which is revenue that does not meet the “available” criterion for revenue recognition under the modified accrual basis of accounting. NMHC recorded deferred inflows of resources of \$258,688 as of September 30, 2021.

Revenue Recognition

Operating revenues include all direct revenues such as interest and fees on loans, administrative fees, federal grants and interest on investments.

Interest on loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. Interest on loans is accrued and credited to income based on the principal amount outstanding for both performing and nonperforming loans. Due to current confines of NMHC’s system, interest on nonperforming loans is accrued and credited to income; however, a bad debt expense is recognized for the amount of interest deemed uncollectible.

Administrative fee revenue represents 75% of the 5% tax credit reserved for approved applicants of the Low-Income Housing Tax Credit (LIHTC). NMHC is the government agency authorized to administer the LIHTC program in the CNMI. The LIHTC program is available to owners/developers of qualifying buildings and projects that meet certain low-income occupancy and rent restrictions. NMHC recorded LIHTC administrative fee revenue of \$64,400 as of September 30, 2021.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(2) Summary of Significant Accounting Policies, Continued

Revenue Recognition, continued

Federal grant revenues are recognized when allowable expenses are incurred. Non-operating revenues primarily result from capital and financing activities and from forgiveness of debt.

Litigation Judgment

On November 24, 2012, a binding and unappealable judgment was issued on a lawsuit filed against the architects, the construction manager and the contractor for deficiencies in the design and construction of homes in the Tottotville Subdivision, which awarded NMHC \$694,851 in damages. NMHC recorded litigation judgment revenue of \$0 during the year ended September 30, 2021.

Retirement Plan

NMHC contributed to the Northern Mariana Islands Retirement Fund's (NMIRF) defined benefit plan (DB Plan), a cost-sharing, multiple-employer plan established and now administered by the CNMI. On September 30, 2013, the DB Plan transferred to the Northern Mariana Islands Settlement Fund (NMISF). NMHC also contributes to a defined contribution plan (DC Plan).

On August 30, 2012, Public Law 17-79 was enacted to amend Title I of the Commonwealth Code to include the intent of the CNMI to participate in the retirement insurance system established by Title II of the U.S. Federal Insurance Contributions Act (FICA) and for participation to be extended to elected officials, employees, political subdivisions and instrumentalities of the CNMI. On September 11, 2012, Public Law 17-82 *CNMI Pension Reform Recovery Act of 2012* was enacted. Unless specifically exempted or authorized by federal law, Public Law 17-82 provides for mandatory membership of CNMI Government employees and elected officials in the U.S. Social Security system and authorizes employees, who elect, to buy quarters of service the U.S. Social Security system from contributions made to the DB Plan. In addition, Public Law 17-82 provides active and inactive DB Plan members the option to voluntarily terminate membership in the DB Plan, withdraw or roll over contributions to the DC Plan and at participate in the U.S. Social Security system without termination of employment or penalty. Further, Public Law 17-82 allows the CNMI Government to continue remitting its 4% employer contribution to the DC Plan unless the employee ceases to contribute the employee share.

On March 11, 2013, Public Law 18-02 was enacted to amend Public Law 17-82 to clarify those provisions necessary to expedite the refunds and to prevent any further frustration of the process. Included in the public law is the amendment of Section 203(a) of Title 1, Division 8, Part 3, which states that the government obligation to withhold and remit the employee's portion to the employee's defined account shall continue with respect to employees who do not terminate membership in the DB Plan. All active NMHC employees voluntarily terminated membership in the DB Plan.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(2) Summary of Significant Accounting Policies, Continued

Defined Contribution Plan (DC Plan)

On June 16, 2006, Public Law No. 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of the member's compensation. NMHC is required to contribute to each member's individual account for an amount equal to 4% of the member's compensation. NMHC's recorded DC contributions for the year ended September 30, 2021 was \$43,164, equal to the required contributions for the year.

Members of the DC Plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Net Position

NMHCs net position is classified as follows:

- Net investment of capital assets; capital assets, net of accumulated depreciation.
- Restricted:

Non-expendable – Net position subject to externally imposed stipulations that NMHC maintain them permanently. At September 30, 2021, NMHC did not have nonexpendable net position.

Expendable – Net position whose use by NMHC is subject to externally imposed stipulations that can be fulfilled by actions of NMHC pursuant to those stipulations or that expire by the passage of time. As described in note 1, NMHC considers all assets, except net investment in capital assets, to be restricted for economic development. NMHC's restricted expendable net position pertains to HUD and local funds.

- Unrestricted; net position that is not subject to externally imposed stipulations. As NMHC considers all assets, except net investment in capital assets, to be restricted for economic development, NMHC does not have unrestricted net position as of September 30, 2021.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(2) Summary of Significant Accounting Policies, Continued

GASB Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* and in November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for most governments that provided their employees with pension benefits through plans that are administered through trusts. Management has determined that the CNMI is legally responsible for making contributions to NMISF as a non-employer entity and that net pension obligations are allocated in total to the CNMI. Management acknowledges the requirement to recognize revenue in an amount equal to the non-employer contributing entities' (CNMI) total proportionate share of the collective pension expense that is associated with NMHC. NMHC has not recorded related revenues and pension expense for the year ended September 30, 2021 as amount was not available.

New Accounting Standards

During the year ended September 30, 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of GASB Statement No.'s 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 84 will be effective for fiscal year ending September 30, 2021.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this Statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In March 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent or term endowments) or a permanent fund. Those governments and funds should measure the majority equity interest at fair value. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 90 will be effective for fiscal year ending September 30, 2021.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of GASB Statement No. 92 are effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address those and other accounting and financial reporting implications of the replacement of an IBOR. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 93 will be effective for fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employment benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevancy, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 98 will be effective for fiscal year ending September 30, 2022.

Off-Balance Sheet Financial Statements

In the ordinary course of business, NMHC has entered into off-balance sheet financial instruments consisting of commitments to extend credit and loan guarantees. Such financial instruments are recorded in the financial statements when they become payable.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements September 30, 2021

(3) Restricted Cash and Cash Equivalents

NMHC maintains depository accounts with financial institutions in the CNMI which are restricted for various purposes, as detailed below. At September 30, 2021, restricted cash and cash equivalents consist of amounts held in demand deposit accounts which are maintained in financial institutions subject to FDIC. CNMI law does not require component units to collateralize their bank accounts; however, NMHC elects to collateralize restricted deposits of \$5,074,713 with U.S. government obligations at the rate of 100% at September 30, 2021.

Restricted cash and cash equivalents:

	<u>2021</u>
Escrow and savings accounts maintained as a guarantee for any deficiency in foreclosure proceeds related to USDA	\$ 2,309,146
Savings account restricted for Koblerville Section 8 housing repairs and maintenance expenses, per contract	1,265,102
Savings account maintained as a guarantee of housing loans made by a CNMI savings and loan	2,995
Checking account maintained for Section 8 Housing Choice Vouchers Program expenses	300,209
Other depository accounts reserved for various purposes	<u>1,197,261</u>
	<u>\$ 5,074,713</u>

(4) Loans Receivable

NMHC makes loans for the specific purpose of providing residents of the Northern Mariana Islands with approved low-cost housing. The loans have terms from ten to thirty-three years in duration at interest rates of 4.5% to 12%. Loans are restricted to ninety percent (90%) of the appraised value of the property or the purchase price, whichever is lower. For construction loans, the purchase price of the property is defined as the value of the land plus the estimated cost of construction.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements September 30, 2021

(4) Loans Receivable, Continued

Major classifications of economic development loans as of September 30, 2021 are as follows:

	2021
HOME Investment Partnerships Act grant	\$ 7,231,836
Direct family home loans	3,083,577
Neighborhood Stabilization Program (NSP) grant	904,803
General	358,305
Section 8	446,947
Veterans Aid	437,712
Housing construction	341,591
Tinian turnkey	391,196
Housing preservation grant	-
Loan receivable balance	13,195,967
Less allowance for loan losses	(6,885,579)
Net loans receivable	\$ 6,310,388

Delinquent loans referred to legal counsel for collection totaled \$1,623,218 as of September 30, 2021.

Maturities of the above principal balances subsequent to September 30, 2021 will be as follows:

	2021
Fully matured and others	\$ 1,691,462
1 - 6 months	794,355
7 - 18 months	840,962
19 months - 3 years	980,394
After 3 years	8,888,794
	\$ 13,195,967

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(4) Loans Receivable, Continued

Allowance for Loan Losses

An analysis of the change in the allowance for loan losses is as follows:

	2021
Balance - beginning of year	\$ 8,074,814
Recovery	(1,189,235)
Balance - end of year	\$ 6,885,579

(5) Finance Leases

NMHC leases certain foreclosed real properties for periods ranging from fifteen to thirty years bearing interest at fixed rates ranging from 2% to 6% and with options to purchase at \$100 plus the outstanding lease receivable and related accrued interest. Finance lease income for the year ended September 30, 2021 amounted to \$42,700. Future minimum lease rentals under these arrangements as of September 30, 2021, are as follows:

Year ending September 30,	Minimum Lease Rentals	Minimum Lease Income	Net 2021
2021	\$ -	\$ -	\$ -
2022	68,919	42,268	26,651
2023	60,990	39,140	21,850
2024	60,801	38,838	21,963
2025	62,426	37,502	24,924
2026	82,637	54,178	28,459
Thereafter	1,060,153	408,539	651,614
	\$ 1,395,926	\$ 620,465	\$ 775,461
		Less current portion	(26,651)
		Noncurrent portion	\$ 748,810

(6) Due from Grantor – Disaster Recovery Grant

On October 24, through 25, 2018, the CNMI was devastated by Super Typhoon Yutu. During the year ended September 30, 2019, NMHC is developing a CNMI's Action Plan for the CDBG-DR program application to be submitted to HUD. CDBG-DR program provides funds to be used for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization. NMHC recorded receivable from grantor and unearned revenue of \$258,688 as of September 30, 2021, for administrative expenses incurred.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements
September 30, 2021

(7) Other Receivables

A summary of other receivables as of September 30, 2021 is as follows:

	<u>2021</u>
Defaulted loans	\$ 473,900
Other	<u>57,569</u>
	<u>\$ 531,469</u>

As of September 30, 2021, allowance for doubtful accounts for other receivables is \$-0-.

On October 18, 2016, NMHC entered into a settlement agreement with USDA RD for \$1,871,000 to pay forty-eight seriously delinquent accounts in full with a principal amount of \$4,097,440, which was paid on October 24, 2016. USDA RD assigned and transferred all interest under the delinquent loans and real estate deeds of trust. NMHC wrote-off other loans receivable and the attendant allowance for doubtful accounts of \$4,104,170 as of September 30, 2017 to recognize purchased loans at the lower of each loan's purchase price or the real property's fair value less costs to sell. To recover costs and gain additional revenue, NMHC intends to sell each real property under a deed of trust to third parties and thus has recorded the amounts of current other receivables.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements September 30, 2021

(8) Capital Assets

Capital assets consist of the following at September 30, 2021:

	Estimated Useful Lives	Balance at October 1, 2020	Additions	Transfers/ Deletions	Balance at September 30, 2021
Nondepreciable capital assets:					
Land		\$ 7,288,182	\$ 380,000	\$ -	\$ 7,668,182
Construction in progress		-	-	-	-
Total non depreciable capital assets		<u>7,288,182</u>	<u>380,000</u>	<u>-</u>	<u>7,668,182</u>
Depreciable capital assets:					
Residential Housing Development Projects:					
Section 8 Mihaville Housing	30 years	2,369,469	-	-	2,369,469
Section 8 Koblerville Housing	30 years	1,889,127	-	-	1,889,127
Section 8 Rota Housing	30 years	1,120,747	-	-	1,120,747
Section 8 Tinian Housing	30 years	1,001,408	-	-	1,001,408
Section 8 Housing Phase I	30 years	631,243	-	-	631,243
Section 8 Housing Phase II	30 years	600,515	-	-	600,515
		<u>7,612,509</u>	<u>-</u>	<u>-</u>	<u>7,612,509</u>
Other:					
Koblerville infrastructure	30 years	2,214,991	-	-	2,214,991
Tinian infrastructure	30 years	608,500	-	-	608,500
Building and improvements	20 years	870,024	-	(380,000)	490,024
Equipment and computers	3 - 8 years	1,466,912	-	(11,268)	1,455,644
Vehicles	3 years	262,555	48,959	-	311,514
		<u>5,422,982</u>	<u>48,959</u>	<u>(391,268)</u>	<u>5,080,673</u>
		13,035,491	48,959	(391,268)	12,693,182
Less accumulated depreciation		<u>(11,386,846)</u>	<u>(294,072)</u>	<u>-</u>	<u>(11,680,918)</u>
Total depreciable assets		<u>1,648,645</u>	<u>(245,113)</u>	<u>(391,268)</u>	<u>1,012,264</u>
		<u>\$ 8,936,827</u>	<u>\$ 134,887</u>	<u>\$ (391,268)</u>	<u>\$ 8,680,446</u>

Construction in progress consists of costs incurred for the low-income solar project, which includes installation of solar arrays on low-income houses managed by NMHC. The project is donated by a third-party contractor through a USDA RD grant. Installation of solar panels is substantially completed but not in service as of September 30, 2019. Management expects the project to be placed in use in fiscal year 2020.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements September 30, 2021

(8) Capital Assets, Continued

Nondepreciable capital assets consist of the following titles to approximately 335,542 square meters of land:

1. Lot 014 R 01, containing an area of 31,407 square meters, more or less, and the improvements thereon, located at As Liyo, Rota, CNMI.
2. Lot 021 T 03, containing an area of 143,623 square meters, more or less, located at San Jose, Tinian, CNMI.
3. Lot 021 T 01, containing an area of 26,250 square meters, more or less, and the improvements thereon, located at San Jose, Tinian, CNMI.
4. Lot 005 I 001, containing an area of 40,554 square meters, more or less, and the improvements thereon, located at Koblerville, Saipan, CNMI.
5. Lot 014 D 75, containing an area of 10,923 square meters, more or less, located at Garapan, Saipan, CNMI.
6. Lot 003 D 27, and a portion of Lot 014 D 75, collectively containing an area of 5,824 square meters, more or less, located at Garapan, Saipan, CNMI.
7. Lot 071 D 01, containing an area of 37,145 square meters, more or less, and the improvements thereon, located at Garapan, Saipan, CNMI.
8. Lot 014 D 01, containing an area of 39,816 square meters, more or less, and the improvements thereon, located at Garapan, Saipan, CNMI.

The above land was acquired at no cost and was originally held for development of low-income rental housing or resale to low-income families for construction of housing. The land is recorded on NMHC's financial statements at an estimated fair value of \$7,668,182 at September 30, 2021. NMHC recorded an impairment loss on land of \$2,262,131 based on broker's opinions obtained during the year ended September 30, 2011. Public Law 6-34 provides NMHC, subject to certain terms and conditions, the authority to lease for commercial development certain land situated in the North Garapan Subdivision Annex No. 2. NMHC is currently in the process of promoting the development of the abovementioned land to allow NMHC to meet its future commitments.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements September 30, 2021

(9) Foreclosed Real Estate

A summary of the changes in foreclosed real estate as of September 30, 2021 is as follows:

	<u>2021</u>
Balance - beginning of year	\$ 530,698
Additions	5,300
Deletions	<u>-</u>
Balance - end of year	<u>\$ 535,998</u>

(10) Contingencies

NMHC participates in a number of federally assisted grant programs funded by the United States Government. These programs are subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. Cumulative questioned costs of \$146,636 have been set forth in NMHC's Single Audit Report for the year ended September 30, 2021. The ultimate disposition of these questioned costs can be determined only by final action of the respective grantor agencies. Therefore, no provision for any liability that may result upon resolution of this matter has been made in the accompanying financial statements.

NMHC has entered into an agreement with the USDA RD whereby NMHC assists borrowers in obtaining RD financing for housing construction. The agreement requires NMHC to guarantee any deficiency in foreclosure proceeds should borrowers default on RD loans. As of September 30, 2021, NMHC has guaranteed outstanding loans of \$5,427,582 and the amount of delinquent loans related to the agreement was \$1,907,659. As of September 30, 2021, total delinquent loans with demand notices from RD were \$-0-. As of September 30, 2021, NMHC recorded liabilities incorporated in a "reserve for loan guaranty" of \$1,700,957 in the accompanying financial statements inclusive of reserves for the remaining non-delinquent and delinquent loans without demand notices of \$1,688,103.

NMHC entered into a loan agreement and related loan purchase agreement with a savings and loan in the CNMI whereby the savings and loan will make available up to \$6,000,000 for housing loans. Under the agreements, NMHC is responsible for administering the loan purchase program and the savings and loan agrees to purchase qualified loans from NMHC. NMHC guarantees the first 25% of the principal balance plus interest on each loan sold to the savings and loan. As of September 30, 2021, NMHC was contingently liable for \$258,630 of the balance of loans purchased by the savings and loan. In addition, NMHC is required to maintain an account at the savings and loan equal to the lesser of 5% of all loans sold to the savings and loan or \$100,000. The balance in the account at September 30, 2021 was \$2,995, which is included in "restricted cash and cash equivalents" in the accompanying financial statements. As of September 30, 2021, total defaulted loans related to this arrangement was \$23,181.

NORTHERN MARIANAS HOUSING CORPORATION

Notes to Financial Statements September 30, 2021

(10) Contingencies, Continued

NMHC also has similar arrangements with other financial institutions whereby NMHC guarantees a varying percentage of loans issued by the banks for housing construction. At September 30, 2021, NMHC was contingently liable to these institutions for \$148,193. As of September 30, 2021, the total defaulted loans related to these arrangements were \$-0-.

NMHC is involved in various claims and lawsuits arising in the normal course of business. However, the ultimate outcome of the claims and lawsuits are unknown at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying financial statements.

(11) Risk Management

NMHC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. NMHC has elected to purchase commercial insurance from independent third parties for the risks of loss to which it is exposed. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) COVID-19

Economic uncertainties have arisen as a result of the COVID-19 coronavirus pandemic, which are likely to negatively impact NMHC's financial results. To prevent the spread of the COVID-19 coronavirus, the CNMI temporarily suspended commercial air travel to the CNMI effective April 6, 2020. Although this suspension is temporary, there is considerable uncertainty on its duration, which negatively impacted businesses in the CNMI and resulted in employee furloughs both in private and public sectors.

To assist their loan borrowers, NMHC has implemented a payment deferral assistance program beginning March 1, 2020 until May 3, 2020, which was extended on June 1, 2020 until further notice. Under the program, interest will not accrue during the period. NMHC expects this matter to negatively impact its future financial results; however, the related financial impact cannot be reasonably estimated at this time. Other financial impacts could occur through such potential impact is unknown at this time.

(13) Subsequent Event

In fiscal year 2021, all positions of the NMHC Board of Directors have been appointed and confirmed and therefore, operations of NMHC is no longer under the direction and control of the CDA Board of Directors.

Northern Marianas Housing Corporation (TQ901)
Saipan, MP

Program Balance Sheet Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 09/30/2021

	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total
111 Cash - Unrestricted		\$455,678	\$77,732	\$533,410
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$135,278	\$154,554	\$552,825	\$842,657
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$135,278	\$610,232	\$630,557	\$1,376,067
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government		\$148,807	\$0	\$148,807
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery		\$94,162		\$94,162
128.1 Allowance for Doubtful Accounts - Fraud		-\$79,787		-\$79,787
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$163,182	\$0	\$163,182
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets				
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$135,278	\$773,414	\$630,557	\$1,539,249
161 Land				
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings		\$64,387		\$64,387
164 Furniture, Equipment & Machinery - Administration		\$39,583		\$39,583
165 Leasehold Improvements				
166 Accumulated Depreciation		-\$96,093		-\$96,093
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$7,877	\$0	\$7,877
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$0	\$7,877	\$0	\$7,877
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$135,278	\$781,291	\$630,557	\$1,547,126
311 Bank Overdraft				
312 Accounts Payable <= 90 Days				
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				

See Accompanying Independent Auditors' Report

Northern Marianas Housing Corporation (TQ901)

Saipan, MP

Program Balance Sheet Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 09/30/2021

	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total
333 Accounts Payable - Other Government		\$5,624		\$5,624
341 Tenant Security Deposits				
342 Unearned Revenue	\$135,278	\$138,968	\$231,000	\$505,246
343 Current Portion of Long-term Debt - Capital				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$135,278	\$144,592	\$231,000	\$510,870
351 Long-term Debt, Net of Current - Capital Projects/Mortgage				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0
300 Total Liabilities	\$135,278	\$144,592	\$231,000	\$510,870
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets		\$7,877		\$7,877
511.4 Restricted Net Position		\$25,308	\$321,825	\$347,133
512.4 Unrestricted Net Position	\$0	\$603,514	\$77,732	\$681,246
513 Total Equity - Net Assets / Position	\$0	\$636,699	\$399,557	\$1,036,256
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$135,278	\$781,291	\$630,557	\$1,547,126

Northern Marianas Housing Corporation (TQ901)

Saipan, MP

Program Revenue and Expense Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 09/30/2021

	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$24,218	\$3,729,396	\$422,949	\$4,176,563
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted				
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		\$3,685		\$3,685
71500 Other Revenue		\$4,088		\$4,088
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$24,218	\$3,737,169	\$422,949	\$4,184,336
91100 Administrative Salaries	\$12,848	\$268,524	\$17,031	\$298,403
91200 Auditing Fees		\$10,500		\$10,500
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$3,645	\$39,657	\$5,633	\$48,935
91600 Office Expenses		\$18,051	\$360	\$18,411
91700 Legal Expense		\$216		\$216
91800 Travel		\$1,168		\$1,168
91810 Allocated Overhead				
91900 Other	\$7,725	\$58,871	\$368	\$66,964
91000 Total Operating - Administrative	\$24,218	\$396,987	\$23,392	\$444,597
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and				
94300 Ordinary Maintenance and Operations Contracts				

See Accompanying Independent Auditors' Report

Northern Marianas Housing Coproration (TQ901)

Saipan, MP

Program Revenue and Expense Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 09/30/2021

	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$0	\$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$0	\$0	\$0	\$0
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other		\$9,354		\$9,354
96800 Severance Expense				
96000 Total Other General Expenses	\$0	\$9,354	\$0	\$9,354
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$24,218	\$406,341	\$23,392	\$453,951
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$3,330,828	\$399,557	\$3,730,385
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$3,305,479		\$3,305,479
97350 HAP Portability-In				
97400 Depreciation Expense		\$5,591		\$5,591
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$24,218	\$3,717,411	\$23,392	\$3,765,021
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0

See Accompanying Independent Auditors' Report

Northern Marianas Housing Corporation (TQ901)

Saipan, MP

Program Revenue and Expense Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 09/30/2021

	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$0	\$19,758	\$399,557	\$419,315
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$159,496	\$616,941	\$0	\$776,437
11040 Prior Period Adjustments, Equity Transfers and	-\$159,496	\$0		-\$159,496
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$611,391		\$611,391
11180 Housing Assistance Payments Equity		\$25,308		\$25,308
11190 Unit Months Available		4356		4356
11210 Number of Unit Months Leased		4117		4117
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				