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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

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Executive Director

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October 20, 2017

His Excellency, Governor Christopher T. Sununu
And the Honorable Executive Council
State House
Concord, NH 03301

In accordance with RSA 195-D:18, the New Hampshire Health and Education Facilities Authority is pleased to present for your review and acceptance the Biennial Report and Financial Statements for the fiscal years 2016 and 2017.

Respectfully submitted,

Peter F. Imse, Chairman

David C. Bliss, Executive Director

DCB/bsp
Enclosures



NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

Christopher T. Sununu, Governor

Executive Councilors:

Joseph D. Kenney—District 1

Andru Volinsky —District 2

Russell E. Prescott —District 3

Christopher C. Pappas—District 4

David K. Wheeler—District 5

David C. Bliss, Executive Director

New Hampshire Health and Education Facilities Authority

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HEFA

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

BIENNIAL REPORT
For Fiscal Years 2016 and 2017
(Years ending June 30, 2016 and June 30, 2017)

Submitted Pursuant To: RSA 195-D:18

October 2017

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MISSION STATEMENT

The mission of the New Hampshire Health and Education Facilities Authority is to lower the cost of health and education services in New Hampshire, by providing eligible institutions with access to high quality, readily available, low cost financing alternatives.

HISTORY

The New Hampshire Health and Education Facilities Authority (the "Authority"), formerly known as the New Hampshire Higher Educational and Health Facilities Authority, was established in 1969 (Chapter 318 of the Laws of 1969) as the Higher Educational Building Corporation. The Authority is a public body corporate and agency of the State of New Hampshire which was created for the purpose of exercising the powers now conferred on it by RSA 195-D and 195-E. The Authority operates primarily under the provisions of RSA 195-D which authorizes financings and refinancings -- through the issuance of its bonds or other obligations -- of "projects" on behalf of "participating health care institutions" and "participating educational institutions". Effective July 9, 1999, the General Court expanded the definition of institutions that may be considered a participating institution. As a result, "participating educational institution" now includes an institution for post-secondary education or higher education; an institution for secondary education; an institution providing an educational program, or a child care provider. A "participating health care institution" now includes a hospital; nursing home; health maintenance organization; home health care provider; an institution providing a health care program; or an ambulatory care clinic. Since May, 1983 the Authority has also been permitted, under the provisions of RSA 195-E, to make loans to "loan corporations" for the purpose of financing student loan programs. Financings of the Authority must be authorized by the Authority's board of directors and by the Governor and Council. The seven (7) members of the Authority's board of directors are appointed by the Governor and Council.

The Authority receives no state revenues. Its expenses are paid by the annual fees charged its borrowers. Bonds or other obligations issued by the Authority in no way obligate the faith and credit of the State or any municipality or political subdivision of the State.

CHAIRMAN'S MESSAGE

During the last biennium, the Authority continued to carry out its mission of providing "high quality, readily available, [and] low cost financing alternatives" to not-for-profit institutions in New Hampshire in a variety of ways.

Because the interest rates associated with the Authority's financings are cheaper than those charged by commercial banks, the Authority's programs have saved our borrowers hundreds of thousands of dollars of interest expense each year. Since many of the Authority's borrowers have been struggling financially as a result of cutbacks in State and Federal funding, access to low cost Authority financings has an immediate and significant positive impact on the bottom lines of these institutions, and permits them to provide more direct benefits to the clients whom they serve. In addition, a large percentage of the proceeds of the Authority's bond issues are used for construction purposes. As a result, the Authority's financings have a significant positive impact on the state's economy by providing jobs in the construction industry.

Through this biennium, the Authority remains the largest single issuer of tax-exempt bonds in the State of New Hampshire. During the last two (2) years, the Authority issued over \$1,310,829,654 in bonds. Since its creation in 1969, the Authority has issued over \$10.8 billion in bonds.

Several years ago, the Authority responded to the needs of its borrowers by introducing the Direct Loans and Direct Loan PLUS Programs that enable education and healthcare non-profit institutions to borrow small amounts at very low interest rates. To date, the Authority has made 114 Direct Loans to eligible institutions totaling over \$9.5 million through these programs.

The Authority continues to experience high demand for its loan offerings. Therefore, in order to preserve access for the Direct Loan and Direct Loan PLUS Programs, the Authority continued its temporary suspension of its Capital Loan Program.

Through the Authority's RAN/CAN Program, institutions are able to borrow low cost funds for their annual capital investment and working capital needs. During the past biennium one (1) institution borrowed a total of \$2 million through the RAN/CAN program.

The Authority is a member of the National Association of Health and Education Facilities Finance Authorities. Through its participation in the activities of the organization, the Authority and its Board are actively involved in national efforts to protect the rights of healthcare and educational institutions to continue to have access to tax exempt financing for their crucial programs.

In typical New Hampshire fashion, the Authority has accomplished these recent achievements with no increase in staff. The Authority continues to find better and more efficient ways to run its existing programs and to create new programs within its existing staffing levels. In fact, as a result of prudent management, the Authority has been able to lower its annual borrower's administrative fees ten times over the past twenty-six years.

The success of the Authority is also due, in no small part, to the qualifications and dedication of its Board members. The present members of the Board have an aggregate of 105 years of experience on the Board. With their backgrounds in finance, health care, education, business and law, the Board members bring a wealth of knowledge and experience to every Board meeting and every decision that they make.

The Governor and members of the Executive Council also deserve thanks and praise for the Authority's achievements. Without their support in both the appointment and re-appointment of qualified Board members, and the approval of the Authority's financings, none of our successes could have been realized.

The Authority Board and staff look forward to the challenges of the next biennium. We cannot predict what new events will put further economic strains on the institutions that provide programs of education and health care in New Hampshire, but the Authority will do all it can to help them further their missions. The Authority will continue to be a major force in assuring that our local institutions not only survive, but thrive.

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Imse', with a long horizontal line extending to the right.

Peter F. Imse
Chairman of the Board

AUTHORITY PROGRAMS

The Authority offers the following programs:

Standard Bond Program

The Standard Program is used by many borrowers of the Authority. It generally consists of a public sale of bonds for the benefit of the borrowing institution. The public sale of bonds generally means lower interest rates and less restrictive covenants. Through June 30, 2017, the Authority has issued over \$8.5 billion in bonds under its Standard Bond Program.

Private Placement Bond Program

The difference between this Program and the Standard Bond Program is that instead of a sale of the bonds to the general public, the bonds are sold to one or two buyers. The use of standardized documents simplifies the bond issuance process and substantially reduces issuance expenses. Since 1998, the Authority has privately placed 121 issues totaling \$1,920,861,939.

RAN/CAN Program

The Revenue Anticipation Note (RAN) Program provides institutions with low cost tax-exempt funds that replace more expensive taxable financing of working capital.

The Capital Note Program (CAN) allows institutions to fund routine capital expenditures using tax-exempt short-term securities.

There have been 17 annual pooled financings for the RAN/CAN Program consisting of 104 series of notes totaling \$411,240,000.

Equipment Leasing Program (ELP)

The Equipment Leasing Program, established in 2006 by the Authority, provides short-term tax-exempt financing for equipment. Financing can be placed with a specific lending institution or bid to multiple lenders. Fees are fixed, based on use of HEFA's standardized documents.

To date, the authority has issued 9 bonds totaling \$72 million utilizing the Equipment Leasing Program.

Capital Loan Program

The Capital Loan Program provides loans at below market rates for the purchase of capital equipment or for refinancing existing debt. The loans are made in cooperation with a local bank. To date, the Authority has participated in 105 Capital Loan Program loans totaling over \$81.6 million.

Direct Loan and Direct Loan PLUS Programs

The Direct Loan and Direct Loan PLUS Programs are designed to provide loans under \$200,000 at a below market rate for qualified institutions for the purchase of capital equipment, the acquisition of real estate, construction or renovation of facilities, refinancing of existing debt, emergency repairs, vehicle purchases or other matters as determined by the Board.

To date, the Authority has participated in 115 Direct Loan Program loans totaling \$9,532,979.

MAJOR ACCOMPLISHMENTS

BOND ISSUES and NOTES

The Authority continues to be the State of New Hampshire's #1 issuer of tax-exempt bonds. The Authority issued the following fifty-four bond issues and notes during the two fiscal years ended June 30, 2016 and June 30, 2017.

| <u>New Bond Issues</u> | <u>Closing Date</u> | <u>Amount</u> |
|---------------------------------------|---------------------|----------------|
| Center for Life Management | 7/23/2015 | \$3,042,730.00 |
| The Holderness School | 8/3/2015 | 3,000,000.00 |
| Dartmouth College Series A | 8/6/2015 | 50,500,000.00 |
| Dartmouth College Series B | 8/6/2015 | 50,500,000.00 |
| Dartmouth College Series C | 8/6/2015 | 45,000,000.00 |
| Dartmouth College Series D | 8/6/2015 | 44,665,000.00 |
| Kimball Union Academy Series A | 8/27/2015 | 12,657,301.26 |
| Kimball Union Academy Series B | 8/27/2015 | 2,000,000.00 |
| New Hampshire Catholic Charities | 8/31/2015 | 15,500,000.00 |
| Dartmouth Hitchcock Obligated Grp | 9/1/2015 | 86,710,000.00 |
| Catholic Medical Center Series A | 9/3/2015 | 24,070,000.00 |
| Catholic Medical Center Series B | 9/3/2015 | 8,650,000.00 |
| Littleton Hospital Series A | 10/1/2015 | 5,331,100.00 |
| Littleton Hospital Series B | 10/1/2015 | 20,753,200.00 |
| New Hampton School Series A | 11/4/2015 | 3,077,148.00 |
| New Hampton School Series B | 11/4/2015 | 3,101,366.93 |
| Concord Christian Academy Series A | 12/8/2015 | 6,012,174.00 |
| Concord Christian Academy Series B | 12/8/2016 | 487,825.72 |
| Wentworth-Douglass Hospital Series A | 3/28/2016 | 16,000,000.00 |
| Wentworth-Douglass Hospital Series B | 3/28/2016 | 6,000,000.00 |
| Phillips Exeter Academy | 4/1/2016 | 30,000,000.00 |
| RAN/CAN -Proctor Academy | 4/14/2016 | 2,000,000.00 |
| Speare Memorial Hospital Series A | 4/15/2016 | 4,164,574.19 |
| Speare Memorial Hospital Series B | 4/15/2016 | 335,425.81 |
| Frisbie Memorial Hospital | 4/22/2016 | 8,800,000.00 |
| Kendal at Hanover Series 2016 | 4/28/2016 | 18,305,000.00 |
| Dartmouth College Series 2016A | 4/29/2016 | 165,000,000.00 |
| University System of New Hampshire | 5/18/2016 | 53,890,000.00 |
| Southern NH Medical Center ELP | 6/7/2016 | 10,500,000.00 |
| Southern NH University | 6/8/2016 | 30,230,000.00 |
| DHOG/New London Hospital Series A | 07/01/16 | 24,605,000.00 |
| Dartmouth-Hitchcock Obligated Group B | 07/01/16 | 10,970,000.00 |
| Birch Hill Terrace | 07/08/16 | 12,680,000.00 |

BOND ISSUES AND NOTES:

| <u>New Bond Issues (continued)</u> | <u>Closing Date</u> | <u>Amount</u> |
|---|----------------------------|----------------------|
| Havenwood Heritage Heights 2016A | 08/25/16 | \$8,415,028.00 |
| Havenwood Heritage Heights 2016B | 08/25/16 | 2,590,972.00 |
| Franklin Pierce University 2016 | 11/07/16 | 34,562,000.00 |
| Southern New Hampshire Medical Center | 11/09/16 | 59,345,000.00 |
| Saint Anselm College 2016 | 11/10/16 | 17,445,000.00 |
| Elliot Health System 2016 | 11/15/16 | 147,020,000.00 |
| Easter Seals Series A | 12/20/16 | 13,015,000.00 |
| Easter Seals Series B | 12/20/16 | 9,175,000.00 |
| Memorial Hospital | 12/22/16 | 14,875,000.00 |
| Taylor Community | 12/22/16 | 16,132,653.00 |
| Proctor Academy | 01/25/17 | 25,000,000.00 |
| Covenant Health System | 03/21/17 | 7,960,000.00 |
| Southern New Hampshire University | 06/07/17 | 50,000,000.00 |
| Genesis Behavioral Health A | 06/09/17 | 4,373,750.00 |
| Genesis Behavioral Health B (Taxable) | 06/09/17 | 826,250.00 |
| Hillside Village Series A | 06/19/17 | 57,395,000.00 |
| Hillside Village Series B | 06/19/17 | 17,210,000.00 |
| Hillside Village Series C | 06/19/17 | 16,520,000.00 |
| Hillside Village Series D | 06/19/17 | 1,890,000.00 |
| Huggins Hospital Series A | 06/30/17 | 14,380,488.00 |
| Huggins Hospital Series B | 06/30/17 | <u>14,160,667.00</u> |
| | | \$1,310,829,653.91 |

DIRECT LOAN AND DIRECT LOAN PLUS PROGRAMS

The following loans have been issued under the Direct Loan and Direct Loan PLUS Programs since 07/01/2015:

| | <u>Date</u> | <u>Amount</u> |
|--|--------------------|----------------------|
| Birch Hill Terrace | 07/01/15 | \$200,000.00 |
| Brewster Academy | 08/05/15 | 66,982.00 |
| Capitol Center for the Arts | 08/06/15 | 200,000.00 |
| Boys & Girls Clubs of Central NH | 09/25/15 | 22,000.00 |
| Great Bay Kids' Company | 10/27/15 | 100,000.00 |
| Community Bridges | 12/04/15 | 50,000.00 |
| Boys & Girls Club of Greater Derry | 12/04/15 | 60,000.00 |
| Kimball Union Academy | 02/26/16 | 100,000.00 |
| BH&DS Strafford County/Community Partners | 03/25/16 | 200,000.00 |
| Boys & Girls Club of Greater Nashua | 03/11/16 | 100,000.00 |
| Kimi Nichols | 4/1/2016 | 49,000.00 |
| Concord Community Music School | 06/15/16 | 167,129.25 |
| Nashua Center for the Multiply Handicapped | 06/30/16 | 37,000.00 |
| Seacoast Learning Collaborative | 07/28/16 | 42,825.00 |

DIRECT LOAN AND DIRECT LOAN PLUS PROGRAM—Cont.

The following loans have been issued under the Direct Loan and Direct Loan PLUS programs since July 1, 2015:

| | <u>Date</u> | <u>Amount</u> |
|--|-------------|----------------|
| Dublin School | 08/05/16 | \$120,533.00 |
| NH Association for the Blind | 09/08/16 | 135,000.00 |
| Red River Theatres | 10/21/16 | 122,000.00 |
| Seacoast Charter School | 10/28/16 | 200,000.00 |
| Tilton School | 11/04/16 | 99,610.00 |
| Community Bridges | 11/07/16 | 59,000.00 |
| Manchester Community Music School | 11/14/16 | 100,000.00 |
| Rivier University | 11/18/16 | 30,950.00 |
| Boys & Girls Club of Greater Salem, Inc. | 11/23/16 | 37,000.00 |
| Kimball Union Academy | 11/30/16 | 75,000.00 |
| Farmsteads of New England | 12/05/16 | 24,000.00 |
| Opportunity Networks, Inc. | 12/05/16 | 15,520.00 |
| Mount Washington Observatory | 02/21/17 | 130,000.00 |
| Rivier University | 03/01/17 | 169,000.00 |
| Farmsteads of New England | 03/03/17 | 30,000.00 |
| Kimi Nichols Center, Inc. | 03/06/17 | 98,177.00 |
| Harbor Homes, Inc. | 04/05/17 | 200,000.00 |
| Greater Nashua Council on Alcoholism | 03/06/17 | 200,000.00 |
| PACE Career Academy Charter School | 05/19/17 | 17,000.00 |
| The PLUS Co., Inc., | 05/22/17 | 43,130.00 |
| MicroSociety Academy Charter School | 6/2/2017 | 175,000.00 |
| The Granite YMCA | 6/29/2017 | 88,256.00 |
| | | \$3,564,112.25 |

FEES

As of July 1, 2011 the Authority reduced its fees for bond issuances. The Authority has reduced its fees 10 times during the last 20 years and its fees are now at 8% of the published fee schedule. The Authority eliminated the acceptance fee in 1997 and pays for all reimbursable expenses under \$500 for post-closing legal matters. In addition, fees paid to the Authority by any one institution are capped at \$40,000 per year. Compared to issuing authorities in other states, the New Hampshire Authority is one of the lowest cost bond issuance authorities in the country. The Authority Board and staff will continue to explore the possibility of another fee reduction during the next two fiscal years.

For the convenience of its borrowing institutions, the Authority has added a one-time fee option.

Although the Authority has increased the volume of its bond issuance as well as the number of programs that it offers to qualified institutions, it has done so without an increase in staff.

HISTORY OF FEE CHANGES:

| | | |
|----------------|---------------|--|
| 1991 - 1995 | \$.75/\$1,000 | annual fee plus initial fee |
| 1995 - 1996 | \$.60/\$1,000 | annual fee plus initial fee |
| 1997 - 1998 | \$.50/\$1,000 | annual fee; eliminated initial fee |
| 1998 - 2001 | \$.20/\$1,000 | annual fee only |
| 2001 – 2005 | \$.15/\$1,000 | annual fee, cap \$40,000/yr. per institution |
| 2005 – 2006 | \$.14/\$1,000 | annual fee, cap \$40,000/yr. per institution |
| 2006 – 2007 | \$.13/\$1,000 | annual fee, cap \$40,000/yr. per institution |
| 2007 – 2009 | \$.12/\$1,000 | annual fee, cap \$40,000/yr. per institution |
| 2009 – 2011 | \$.11/\$1,000 | annual fee, cap \$40,000/yr. per institution |
| 2011 – Present | \$.08/\$1,000 | annual fee, cap \$40,000/yr. per institution |

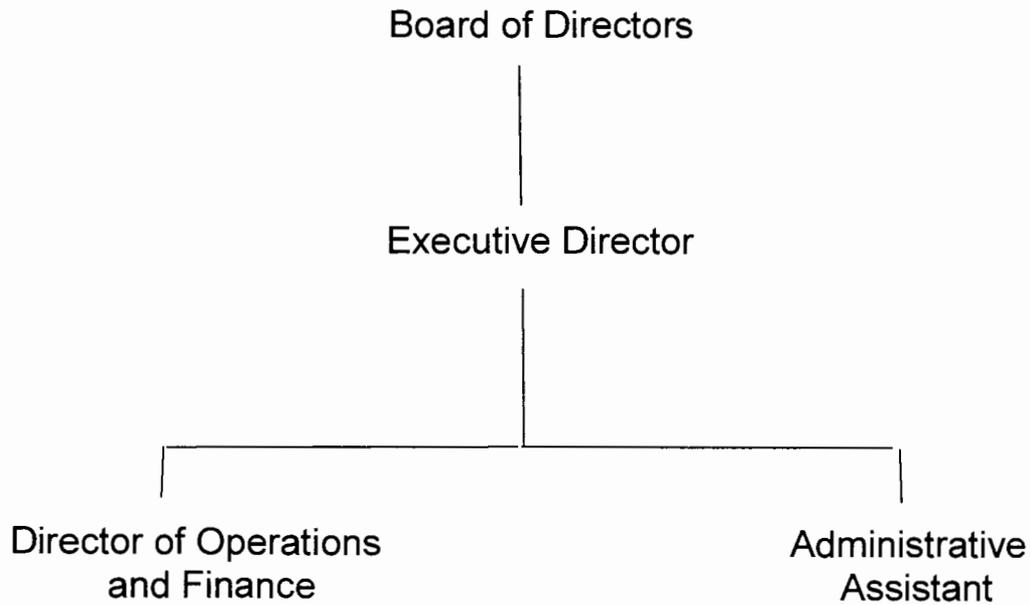
MISCELLANEOUS

The following institutions have borrowed for the first time through the Authority during the last two fiscal years:

Boys and Girls Club of Greater Derry
Boys and Girls Club of Nashua
Boys and Girls Club of Greater Salem
Concord Christian Academy
Harbor Homes, Inc.
Great Bay Kids Company
Greater Nashua Council on Alcoholism
Hillside Village
Huggins Hospital
MicroSociety Academy Charter School
New Hampshire Association for the Blind
PACE Career Academy Charter School

In May, 2017, the Authority presented a "Tax Seminar Conference Call" which was attended by 43 New Hampshire non-profit professionals representing 24 organizations.

ORGANIZATION CHART



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THE AUTHORITY BOARD



Peter F. Imse, Chairman, term expires June 30, 2021. Mr. Imse, a resident of Bow, has been a member of the Board of the Authority since 1981. Mr. Imse is a member of the law firm of Sulloway & Hollis, P.L.L.C., Concord, New Hampshire and his practice includes the representation of businesses and non-profit organizations in the areas of real estate law, business law, and commercial and tax-advantaged financing. The clients of Sulloway & Hollis include the New Hampshire Higher Education Assistance Foundation and Granite State Management & Resources, as well as numerous health care institutions and health care providers. Mr. Imse is also a member of the Board of Corporators of New Hampshire Mutual Bancorp.



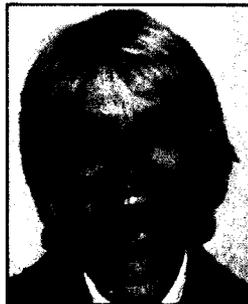
Bruce R. Burns, Vice Chairman; term expires June 30, 2019. Mr. Burns, a resident of Hopkinton, was the former Senior Vice President of Finance, Chief Financial Officer and Treasurer for Concord Hospital and its parent corporation, Capital Region Health Care. Prior to joining the Hospital in 1993, Mr. Burns held various finance and accounting positions at Danbury Hospital, Danbury, Connecticut. Mr. Burns is President of Granite Shield Insurance Exchange, a Vermont-domiciled captive insurance company providing hospital and physician liability coverages and Medical Stop-Loss coverage; the Treasurer and a Board member of Capitol Center for the Arts in Concord and former Finance Chair, Treasurer and a Board member of University of New Hampshire School of Law.



Jill A. Duncan, term expires June 30, 2018. Ms. Duncan, a resident of Meredith, is Director of Finance for New Hampton School, New Hampton and also has a background in hospital finance. Ms. Duncan is currently a member of the Board of Directors for the National Business Officers Association (NBOA) and serves on the National Advisory Council for Teachers Insurance and Annuity Association. She is actively involved with the Independent School Association of Northern New England (ISANNE), most recently serving as Treasurer and on the Executive Board of Directors.



Todd C. Emmons, term expires June 30, 2021. Mr. Emmons, a resident of New London, is the Chief Financial Officer at the Spaulding Youth Center in Northfield, N.H.. Mr. Emmons has been involved in higher education administration for over 30 years, and has previously worked in New Hampshire at Saint Anselm College, Daniel Webster College, and Colby-Sawyer College. He is a board member of the New Hampshire Higher Education Assistance Foundation (NHHEAF) where he also serves on the Investment Committee.



Deanna S. Howard, term expires June 30, 2020. Ms. Howard, a resident of Etna, most recently was the Vice President of Regional Development for Dartmouth-Hitchcock, Lebanon, New Hampshire, and is currently providing consulting services. Additionally, Ms. Howard is the past Chairman of the New Hampshire Hospital Association, is a current member of the Board of Trustees of Mt. Ascutney Hospital, Crotched Mountain Foundation and Valley Regional Hospital. Deanna is the former Chief Executive Officer of Upper Connecticut Valley Hospital, Colebrook, New Hampshire.

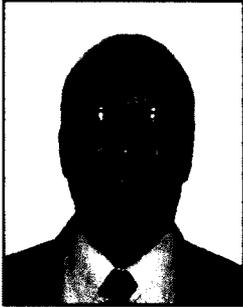


Mary W. McLaughlin, term expires June 30, 2022. Ms. McLaughlin, a resident of Bedford, was Senior Vice President—Healthcare Finance for TD Bank, N.A. Additionally, she is a Trustee of the Havenwood-Heritage Heights Trust Fund Board, a Council member of the NH State Council on the Arts, a Board Member of the Capital Regional Development Council, the Board Chair for the American Furniture Masters Institute (formerly NH Institute of Furniture Making) and Co-Chair of Creative Concord, a committee of the Greater Concord Chamber of Commerce.



Allan M. Moses, term expires June 30, 2020. Mr. Moses, a resident of Bow, is the Senior Vice President and Chief Financial Officer for Riverbend Community Mental Health, Inc. in Concord, NH. He has served in that position for the previous 35 years. Mr. Moses is also the President of the Board of the John H. Whitaker Place Assisted Care Community in Penacook, NH and has served in that capacity for the last 16 years. Mr. Moses has also served as the former President for four terms of the NH Assisted Living Association (ARCH) and the former Treasurer and Vice-President of the Temple Beth Jacob.

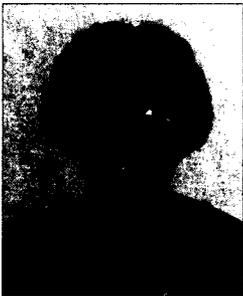
THE AUTHORITY STAFF



David C. Bliss is the Executive Director and Secretary of the Authority and is responsible for the general management of the Authority's affairs. Mr. Bliss worked for two large New Hampshire trust departments prior to joining the Authority. Mr. Bliss is a member of the bars of New Hampshire and Massachusetts.



Bonnie S. Payette is the Director of Operations and Finance. Ms. Payette is a graduate of the University of Vermont. She joined the Authority in 2007.



Lorraine Graciano is the Administrative Assistant for the Authority. Ms. Graciano was a corporate trust officer in a major New Hampshire trust department and a Certified Corporate Trust Specialist prior to joining the Authority. She previously served as Chief Financial Officer of NHHEFA for over 13 years.

FINANCIAL MATTERS

The attached audit report includes the Authority's Balance Sheets (General Operating Fund) and Statement of Operations for the fiscal years ended June 30, 2016 and June 30, 2017.

In addition, there are schedules of the Authority's bonds and notes outstanding as of June 30, 2016 and as of June 30, 2017. During the 2016 and 2017 fiscal years, the Authority issued, respectively, \$730,282,846 and \$580,546,808 of its bonds.

Exhibit A

Bond and Note Issue Activity ~ Dollar Amount Issued

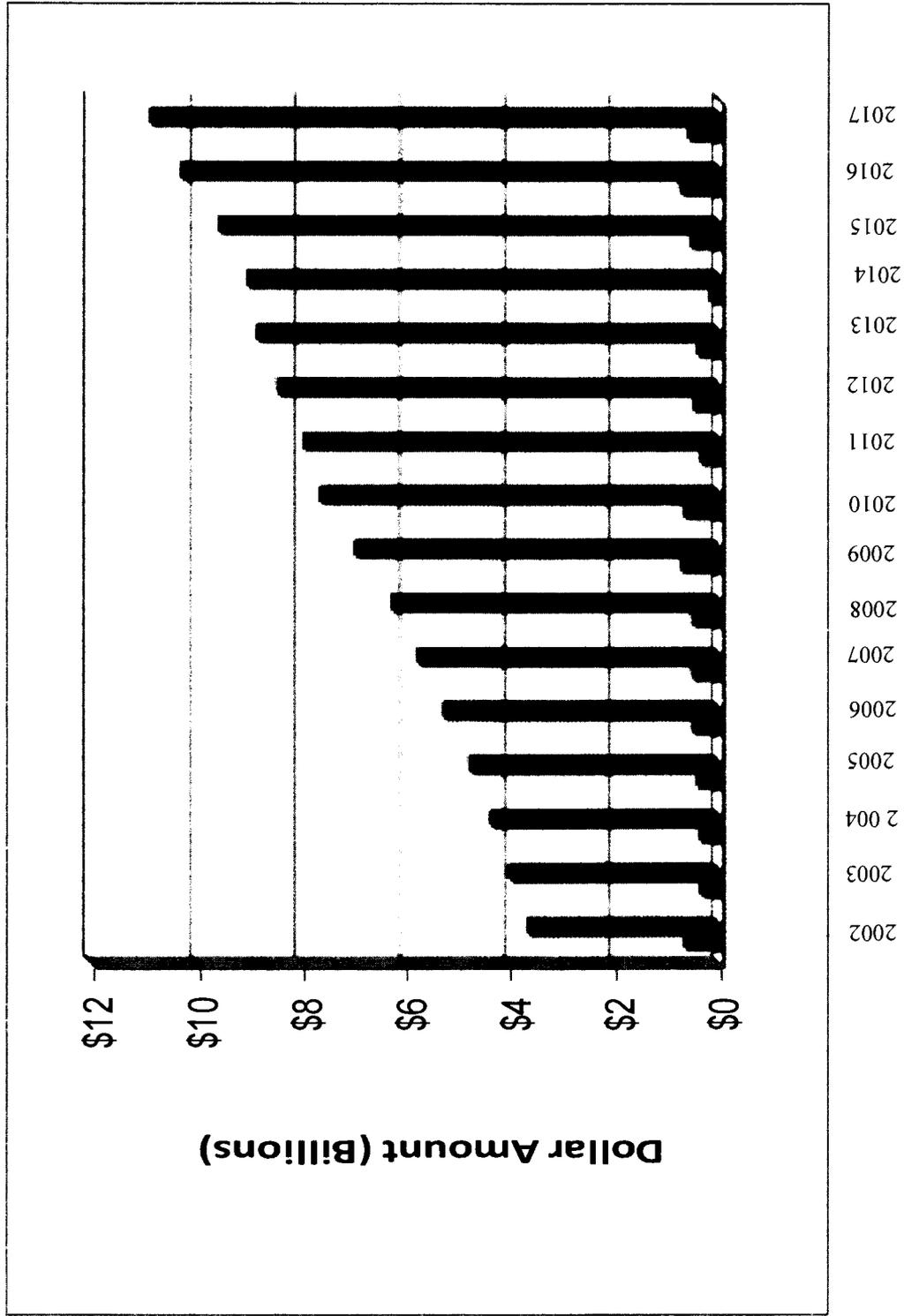


Exhibit B

Bond and Note Issue Activity ~ Number of Issues

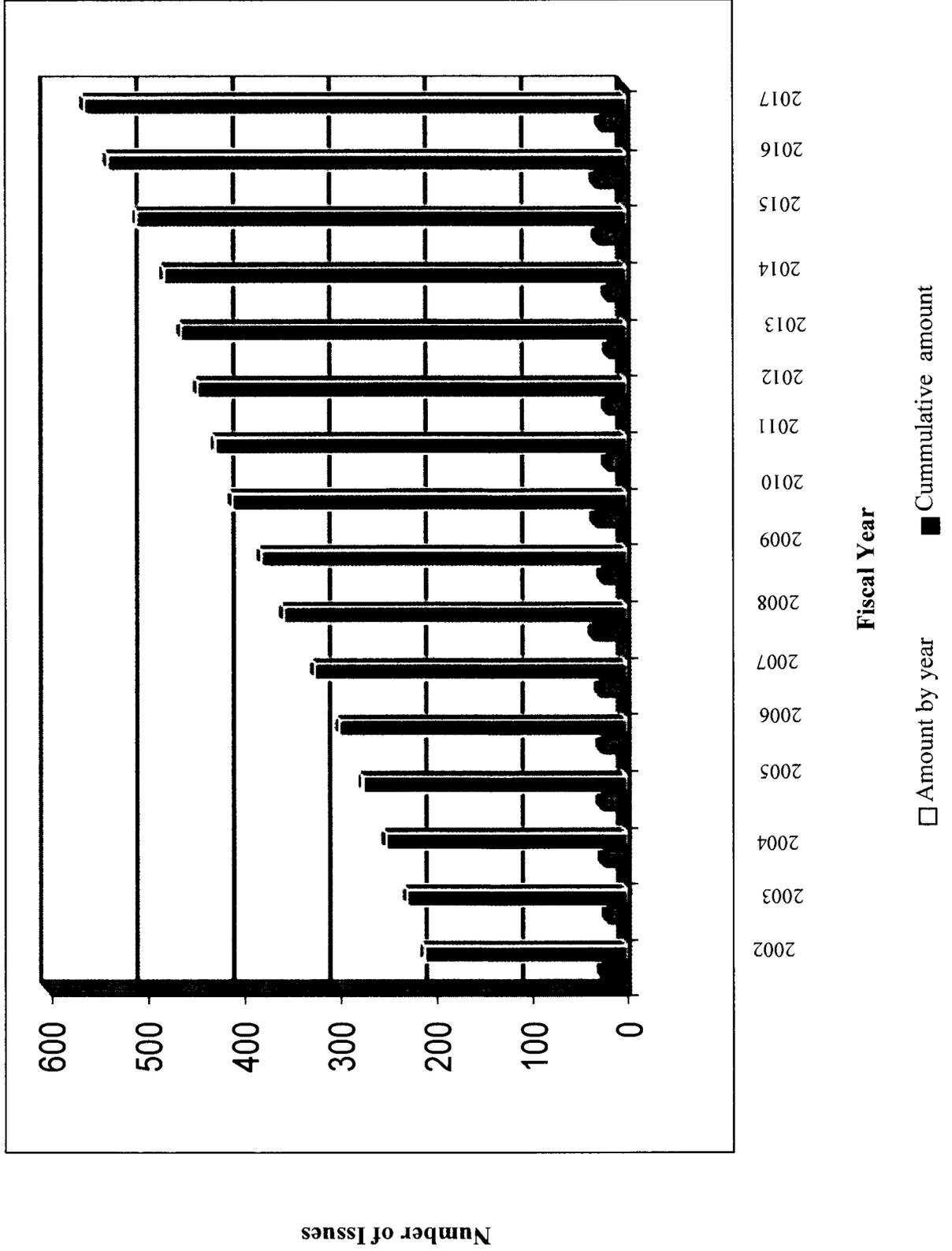


Exhibit C

Bond and Note Issue Activity Dollar Amount by District

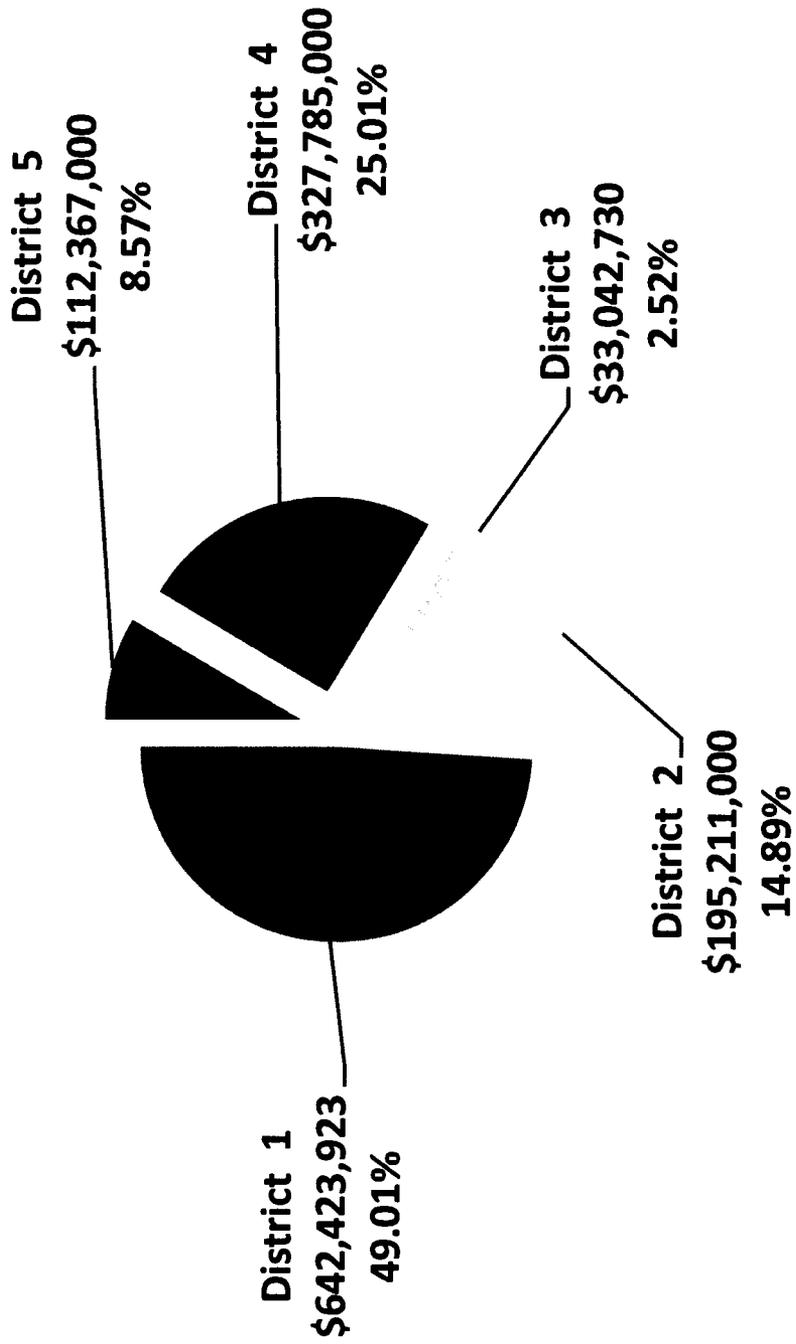


Exhibit F

Audited Financial Statements

NEW HAMPSHIRE HEALTH AND
EDUCATION FACILITIES AUTHORITY

AUDITOR'S COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE

JUNE 30, 2017



NATHAN WECHSLER & COMPANY
PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

October 6, 2017

The Board of Directors
New Hampshire Health and Education Facilities Authority
Concord, New Hampshire 03301

We have audited the financial statements of New Hampshire Health and Education Facilities Authority as of and for the year ended June 30, 2017, and have issued our report thereon dated October 6, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 24, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of New Hampshire Health and Education Facilities Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

70 Commercial Street, 4th Floor
Concord, NH 03301

v: 603-224-5357
f: 603-224-3792

59 Emerald Street
Keene, NH 03431

v: 603-357-7665
f: 603-358-6800

44 School Street
Lebanon, NH 03766

v: 603-448-2650
f: 603-448-2476

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Authority's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by New Hampshire Health and Education Facilities Authority is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is the allowance for uncollectible loans receivable:

Management's estimate of the allowance for uncollectible loans receivable is based on a percentage of outstanding loans at June 30. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion unit.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significant to financial statement users. The most sensitive disclosures affecting New Hampshire Health and Education Facilities Authority's financial statements relate to: conduit debt outstanding and investments.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant

classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to New Hampshire Health and Education Facilities Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 6, 2017.

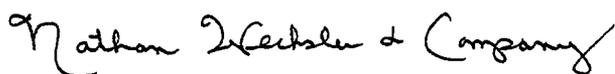
Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with New Hampshire Health and Education Facilities Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the Authority, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as New Hampshire Health and Education Facilities Authority's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of New Hampshire Health and Education Facilities Authority and is not intended to be and should not be used by anyone other than these specified parties.



Nathan Wechsler & Company
Professional Association

NEW HAMPSHIRE HEALTH AND
EDUCATION FACILITIES AUTHORITY

FINANCIAL REPORT

JUNE 30, 2017

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NATHAN WECHSLER & COMPANY
PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Hampshire Health and Education Facilities Authority
Concord, New Hampshire 03301

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of New Hampshire Health and Education Facilities Authority, a discreet component unit of the State of New Hampshire, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise New Hampshire Health and Education Facilities Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

New Hampshire Health and Education Facilities Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Page 1

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities of New Hampshire Health and Education Facilities Authority, as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 3, 34, and 35 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 audits 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.

Nathan I. Felske & Company

Concord, New Hampshire
October 6, 2017

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Within this section of the New Hampshire Health and Education Facilities Authority's annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2017. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosed following this section.

The Authority's management and board continue to support the value of good cost management to fulfill its mission to lower the cost of health and education services in New Hampshire, by providing eligible institutions with access to high quality, readily available, low cost financing alternatives.

The Authority's audited financial statements show the assets and liabilities of the Authority, the operating revenues and operating expenses, followed by the statement of cash flows and the notes.

The Authority's assets are primarily composed of investments in government securities and notes receivable in the Capital Loan Program and the Direct Loan Programs. The capital assets of the Authority are primarily office equipment and furniture and comprise less than 1% of the total assets. The liabilities of the Authority are all current.

The Authority's management and board have made a provision for loan losses and a loan loss reserve has been established for the Capital Loan Program and Direct Loan Program. An amount equal to 3% of the total loan portfolio has been allowed for uncollectible loans. As of June 30, 2017, the loan loss reserve was decreased by less than 1% to \$195,245.

The Authority's total assets increased slightly in the fiscal year ended June 30, 2017 as compared to fiscal year ended June 30, 2016, primarily due to the excess of revenues over expenses generated during the year ended June 30, 2017.

The operating revenue for fiscal year ended June 30, 2017, increased by 30.7%. This increase is attributed to institutions paying the one-time fee at closing rather than the annual administrative fee.

Operating expenses overall increased by 6.4%. Contributing to the increase in operating expenses were the outside services which were 110% higher than fiscal year ended June 30, 2016. The Authority also saw increases in salaries, payroll taxes and travel and meetings of 3.5%, 13.3%, and 18.2% respectively.

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

BALANCE SHEETS
June 30, 2017 and 2016

| | | <i>ASSETS</i> | |
|---|-----------|-------------------|----------------------|
| | | 2017 | 2016 |
| CURRENT ASSETS | | | |
| Cash, checking | \$ | 77,295 | \$ 131,340 |
| Accrued interest receivable | | 22,841 | 20,620 |
| Prepaid expenses | | 13,829 | 10,220 |
| Direct Loan Program notes receivable - current | | 1,515,102 | 1,335,924 |
| Capital Loan Program notes receivable - current | | 538,055 | 564,186 |
| Allowance for uncollectible loans | | (61,595) | (57,003) |
| <i>Total current assets</i> | | <u>2,105,527</u> | <u>2,005,287</u> |
| NONCURRENT ASSETS | | | |
| Investments | | 5,394,470 | 5,137,804 |
| Direct Loan Program notes receivable, net of current portion | | 2,686,128 | 2,167,888 |
| Capital Loan Program notes receivable, net of current portion | | 1,645,871 | 2,380,478 |
| Allowance for uncollectible loans | | (133,650) | (136,451) |
| <i>Total noncurrent assets</i> | | <u>9,592,819</u> | <u>9,549,719</u> |
| | \$ | 11,698,346 | \$ 11,555,006 |
| LIABILITIES AND FUND NET POSITION | | | |
| | | 2017 | 2016 |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued expenses | \$ | 28,185 | \$ 43,012 |
| Unearned fee income | | 52,576 | 55,192 |
| <i>Total current liabilities</i> | | <u>80,761</u> | <u>98,204</u> |
| FUND NET POSITION | | | |
| Unrestricted - board designated for mandatory reserve | | 2,000,000 | 2,000,000 |
| Unrestricted | | 9,617,585 | 9,456,802 |
| <i>Total unrestricted fund net position</i> | | <u>11,617,585</u> | <u>11,456,802</u> |
| | \$ | 11,698,346 | \$ 11,555,006 |

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|----------------------|----------------------|
| OPERATING REVENUES: | | |
| Annual administrative fees | \$ 569,228 | \$ 422,762 |
| Interest income, loan programs | 52,249 | 52,801 |
| | <hr/> | <hr/> |
| <i>Total operating revenues</i> | 621,477 | 475,563 |
| | <hr/> | <hr/> |
| OPERATING EXPENSES: | | |
| Salaries | 287,237 | 277,651 |
| Employee benefits | 57,267 | 54,359 |
| Rent, electric and cleaning | 22,012 | 21,638 |
| Legal fees | 20,884 | 22,863 |
| Payroll taxes | 19,924 | 17,592 |
| General insurance | 18,844 | 17,990 |
| Accounting fees | 16,000 | 15,500 |
| Bank investment fees | 13,875 | 12,436 |
| Outside services | 11,221 | 5,325 |
| Travel and meetings | 8,904 | 7,534 |
| Dues and subscriptions | 6,847 | 4,313 |
| Office supplies and postage | 6,729 | 6,404 |
| Telephone | 5,527 | 5,451 |
| Bad debt expense (recovery) | 1,790 | (2,295) |
| Miscellaneous | 236 | 438 |
| | <hr/> | <hr/> |
| <i>Total operating expenses</i> | 497,297 | 467,199 |
| | <hr/> | <hr/> |
| <i>Operating income</i> | 124,180 | 8,364 |
| NONOPERATING INCOME: | | |
| Investment income | 85,315 | 86,316 |
| Realized and unrealized loss on investments | (48,712) | (39,651) |
| | <hr/> | <hr/> |
| <i>Excess of revenues over expenses</i> | 160,783 | 55,029 |
| | <hr/> | <hr/> |
| Fund net position, beginning of year | 11,456,802 | 11,401,773 |
| | <hr/> | <hr/> |
| <i>Fund net position, end of year</i> | <u>\$ 11,617,585</u> | <u>\$ 11,456,802</u> |

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from institutions | \$ 566,697 | \$ 406,193 |
| Interest received | 50,028 | 53,968 |
| Cash paid to suppliers and employees | (514,028) | (465,744) |
| Principal payments received under Direct Loan Program | 1,514,583 | 1,067,725 |
| Principal loaned under Direct Loan Program | (2,212,001) | (1,352,111) |
| Principal payments received under Capital Loan Program | 760,738 | 1,190,871 |
| Principal loaned under Capital Loan Program | - | (830,000) |
| | <hr/> | <hr/> |
| <i>Net cash provided by operating activities</i> | 166,017 | 70,902 |
| | <hr/> | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investments | (71,416) | (75,537) |
| Sales and maturities of investments | (233,961) | (295,197) |
| Income from investments | 85,315 | 86,316 |
| | <hr/> | <hr/> |
| <i>Net cash used in investing activities</i> | (220,062) | (284,418) |
| | <hr/> | <hr/> |
| <i>Net decrease in cash</i> | (54,045) | (213,516) |
| | <hr/> | <hr/> |
| Cash, beginning of year | 131,340 | 344,856 |
| | <hr/> | <hr/> |
| <i>Cash, end of year</i> | \$ 77,295 | \$ 131,340 |
| | <hr/> <hr/> | <hr/> <hr/> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 124,180 | \$ 8,364 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Bad debt expense (recovery) | 1,790 | (2,295) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accrued interest receivable | (2,221) | 1,167 |
| Increase in prepaid expenses | (3,609) | (804) |
| Increase (decrease) in accounts payable and accrued expenses | (14,827) | 4,404 |
| Decrease in unearned fee income | (2,616) | (16,419) |
| Decrease in Direct Loan Program notes receivable | (697,418) | (284,386) |
| Increase in Capital Loan Program notes receivable | 760,738 | 360,871 |
| | <hr/> | <hr/> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 166,017 | \$ 70,902 |
| | <hr/> <hr/> | <hr/> <hr/> |

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization

The New Hampshire Health and Education Facilities Authority (the "Authority") is a public benefit corporation created by the New Hampshire General Court. The purpose of the Authority is to provide participating health care and education institutions with an additional method of financing their equipment, buildings and student loan programs. A participating educational institution is an institution for post-secondary or higher education; an institution for secondary education; an institution providing an educational program; or a childcare provider. A participating health care institution is a hospital; a nursing home; a health maintenance organization; a home health care provider; an institution providing a health care program; or an ambulatory care clinic. Bonds issued by the Authority are not a debt of the State of New Hampshire, and the state is not liable on such bonds. Additionally, the Authority is exempt from federal and state income taxes.

Note 2. Significant Accounting Policies

Basis of financial statements: The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The Authority follows the "business-type activities" reporting requirements of GASB Cod. Sec. Sp20.107. Accordingly, the Authority's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows.

Fund accounting: The accounts of the Authority are maintained in a self-balancing fund, the General Operating Fund.

The General Operating Fund represents resources that are available for the operating activities of the Authority and for the Mandatory Reserve Account and the Loan Program Account.

Mandatory Reserve Account: The Authority has established a Mandatory Reserve Account to provide for debt service payments, replenishment of debt service funds, or payment of professional fees in the event of a defaulted borrower. In addition, the Mandatory Reserve Account is used for operating expenses of the Authority or may be used to provide a form of self-insurance in the event of a lawsuit or claim against the Authority or its Board members. For the years ended June 30, 2017 and 2016, the minimum required balance was the lesser of 0.1% of the total outstanding bonds or \$2,000,000. As of June 30, 2017 and 2016, the minimum required balances, and the assets designated for the Mandatory Reserve Account, amounted to \$2,000,000.

Capital Loan Program: The Authority has established a Capital Loan Program to provide loans at a below-market rate for qualified institutions for the purchase of capital equipment, acquisition of real estate or for refinancing of existing debt. The loans are administered by a bank, with the Authority co-lending part of the loan. The Authority approved the temporary suspension of this program at its January 2015 board meeting.

Direct Loan Program: The Authority has established a Direct Loan Program to provide loans at a below-market rate for qualified institutions for the purchase of capital equipment, the acquisition of real estate, construction or renovation of facilities, refinancing of existing debt or other matters as determined by the Board.

(continued on next page)

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Loans receivable/allowance for uncollectible loans: Loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual loans. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to loans receivable. There were no actual bad debt expenses for the years ended June 30, 2017 and 2016.

Authority fees: The Authority charges an administrative fee to institutions with outstanding bond issues to cover the Authority's operating costs. During the years ended June 30, 2017 and 2016, the annual fee, paid semi-annually, charged to the institutions was \$0.08 per \$1,000 of the amount of bonds issued, with a maximum of \$40,000 per institution. Each institution has an option to elect to pay a one-time administrative fee at closing, instead of the annual fee.

Estimates and assumptions: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Depreciation: Depreciation of the Authority's equipment is computed using the straight-line method over the estimated useful lives of the assets, generally five to seven years.

The costs for additions, renewals and betterments of property and equipment, unless of relatively minor amount, are capitalized. Maintenance and repairs are expensed as incurred. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation, is removed from the accounts, and any respective gain or loss is included in other income in the period the asset is disposed.

Cash and cash equivalents: For purposes of reporting cash flows, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents. There were no cash equivalents at June 30, 2017 and 2016. Temporary cash investments held in the investment portfolios are excluded from cash and cash equivalents.

Investments: The Authority reports investments at fair value, with net unrealized gains and losses reported as non-operating revenue in the statement of revenues, expenses and changes in fund net position. Fair values of investments are based on quoted market prices. Interest income is accrued on coupon securities from the last coupon date or purchase date and for securities (e.g., U.S. Treasury Bills) on the effective yield method.

Budget policy, practice, and control: The annual budget for the fiscal year ending June 30 is prepared by management. The Authority prepares a budget for the expenditures only. The budget is prepared based on historical data and currently known facts. The budget is presented to the Board of Directors and after deliberation, is voted on. The budget needs a simple majority to pass. If actual expenditures are greater than the related budget line item by more than 20% and \$1,000, the Board of Directors must vote to increase that specific line item. The budget is maintained on the cash basis of accounting.

Note 3. Reporting Entity

The Authority is considered to be a component unit of the State of New Hampshire because its Board of Directors is appointed by the Governor and Council of the State of New Hampshire. Accordingly, the Authority is included in the State's financial statements as a discreet component unit.

(continued on next page)

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

The Authority issues tax-exempt bonds, which do not constitute a debt of the State of New Hampshire. These debt instruments are limited obligations of the Authority, payable solely from payments made by the related borrowing institutions and related assets held by trustees. The Authority has no general liability with respect to these obligations and has no beneficial interest in the related assets held by trustees. Therefore, the Authority has elected to exclude these obligations, and the related assets held by trustees, from the financial statements.

Note 4. Revenue Anticipation Notes (RAN)/Capital Note Program (CAN)

The Authority has a Revenue Anticipation Notes (RAN)/Capital Note Program (CAN). This pooled program is designed to provide participating health care and education institutions with two types of notes: one, the Revenue Anticipation Note, which provide institutions with a source of low-cost funds to alleviate the temporary cash flow shortfalls that result from the imbalance between regular monthly expenditures and irregular receipts (such as tuition, grants and other special revenue); and two, the Capital Note which fund routine capital expenditures. The Authority has transferred its rights and obligations related to each series of notes to a bank trustee. Each of the series of notes are collateralized by a note receivable and security agreement from the institution, in respect of which the notes were issued. The notes are payable solely from the resources of the recipient institution, and payment cannot be claimed from the collateral or revenue pledged for the payment of the other series of notes. Accordingly, the notes in the RAN/CAN Program have not been reported in the accompanying financial statements.

As of June 30, 2017, there were no notes outstanding in the RAN/CAN Program and the program has been discontinued.

Note 5. Investments

As of June 30, 2017 and 2016, the Authority's investments consisted of the following:

| | 2017 | | 2016 | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Mandatory Reserve account: | | | | |
| Money market account | \$ 539,611 | \$ 539,611 | \$ 411,705 | \$ 411,705 |
| Corporate fixed income securities | 2,359,220 | 2,336,683 | 2,626,933 | 2,605,984 |
| Foreign government obligations | 501,604 | 500,994 | 330,975 | 335,806 |
| | <u>3,400,435</u> | <u>3,377,288</u> | <u>3,369,613</u> | <u>3,353,495</u> |
| Loan Program account: | | | | |
| Money market account | 2,017,182 | 2,017,182 | 1,784,309 | 1,784,309 |
| <i>Total</i> | <u>\$ 5,417,617</u> | <u>\$ 5,394,470</u> | <u>\$ 5,153,922</u> | <u>\$ 5,137,804</u> |

Credit Risk and Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy is to invest in a manner that ensures that the principal is preserved and enhanced over time, both in real and nominal terms with portfolio risk exposure reasonably below the average of comparable funds. Permissible investments currently utilized include money market accounts, corporate fixed income securities, and foreign or U.S. Government obligations.

(continued on next page)

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2017, allocations by type of investment and credit rating are as follows:

| Asset | Fair Value | Percentage of Total | Rating | Agency |
|---|---------------------|---------------------|--------|-------------|
| Money market accounts: | | | | |
| TD asset mgmt U.S. Government institutional | \$ 2,556,793 | 48% | | |
| Corporate fixed income securities: | | | | |
| Apple Inc. | 149,457 | 3% | AA+ | Moody's/S&P |
| Wal-Mart Stores | 169,368 | 3% | AA | Moody's/S&P |
| Coca Cola Co. | 164,708 | 3% | AA- | Moody's/S&P |
| U.S. Bankcorp | 165,848 | 3% | A+ | Moody's/S&P |
| Home Depot, Inc. | 151,257 | 3% | A | Moody's/S&P |
| PNC Bank NA | 85,003 | 2% | A | Moody's/S&P |
| Shell Intl Fin | 170,930 | 3% | A | Moody's/S&P |
| Wells Fargo & Co. | 150,782 | 3% | A | Moody's/S&P |
| Anheuser-Busch | 214,981 | 4% | A- | Moody's/S&P |
| BB&T Corp. | 164,916 | 3% | A- | Moody's/S&P |
| JP Morgan Chase | 75,240 | 1% | A- | Moody's/S&P |
| Bank of America | 508,460 | 9% | BBB+ | Moody's/S&P |
| Goldman Sachs group | 165,733 | 3% | BBB+ | Moody's/S&P |
| Foreign government obligations (in U.S. dollars): | | | | |
| Ontario Province of Canada | 166,129 | 3% | A+ | Moody's/S&P |
| Bank of Nova Scotia | 170,347 | 3% | A+ | |
| Royal Bank of Canada | 164,518 | 3% | AA- | Moody's/S&P |
| <i>Total</i> | <u>\$ 5,394,470</u> | <u>100%</u> | | |

As of June 30, 2016, allocations by type of investment and credit rating are as follows:

| Asset | Fair Value | Percentage of Total | Rating | Agency |
|---|---------------------|---------------------|--------|-------------|
| Money market accounts: | | | | |
| TD asset mgmt U.S. Government institutional | \$ 2,196,014 | 43% | | |
| Corporate fixed income securities: | | | | |
| AT&T Inc. | 200,546 | 4% | BBB+ | Moody's/S&P |
| Anheuser-Busch | 215,593 | 4% | A- | Moody's/S&P |
| BHP Finance USA | 50,139 | 1% | A | Moody's/S&P |
| Bank of America Corp | 529,220 | 10% | BBB+ | Moody's/S&P |
| Branch BK & Trust | 165,139 | 3% | A | Moody's/S&P |
| Caterpillar Financial | 70,068 | 2% | A | Moody's/S&P |
| Coca Cola Co. | 500,920 | 10% | AA- | Moody's/S&P |
| Conoco Phillips | 303,669 | 6% | A- | Moody's/S&P |
| JP Morgan Chase | 165,335 | 3% | A- | Moody's/S&P |
| PNC Bank NA | 85,601 | 2% | A | Moody's/S&P |
| U.S. Bankcorp | 168,465 | 3% | A+ | Moody's/S&P |
| Wells Fargo & Co. | 151,289 | 3% | A | Moody's/S&P |
| Foreign government obligations (in U.S. dollars): | | | | |
| Ontario Province of Canada | 167,236 | 3% | A+ | Moody's/S&P |
| Royal Bank of Canada | 168,570 | 3% | AA- | Moody's/S&P |
| <i>Total</i> | <u>\$ 5,137,804</u> | <u>100%</u> | | |

(continued on next page)

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank or other counterparty failure, the Authority will not be able to recover its deposits, or the value of its collateral securities, that are in the possession of an outside party. As of June 30, 2017 and 2016, the Authority's investments were not subject to custodial credit risk under GASB Cod. Sec. I60.114. The Authority's investments are held under a safekeeping agreement, kept separate from the assets of the bank and from other trust accounts and are held in the Authority's name. As of June 30, 2017, the Authority's bank balance of \$201,020 was not exposed to custodial risk, due to FDIC insured limits.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses from rising interest rates, the Authority's investment policy requires that the portfolio maintain an average maturity of three to five years.

The cost and fair value of investments at June 30, 2017, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without penalties.

| | Cost | Fair Value |
|---------------------------------------|---------------------|---------------------|
| Due in one year or less | \$ 4,199,312 | \$ 4,179,420 |
| Due after one year through five years | 1,218,305 | 1,215,050 |
| <i>Total</i> | <u>\$ 5,417,617</u> | <u>\$ 5,394,470</u> |

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Authority's foreign investments are fixed income securities issued by The Royal Bank of Canada, Bank of Nova Scotia, and Ontario Province of Canada, which are denominated in Canadian dollars.

Note 6. Fair Value Measurements

The Fair-Value Measurements requirements of GASB 72 *Fair Value Measurement and Application* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- *Level 1* - Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at level 1 fair value generally are securities listed in active markets.
- *Level 2* - Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- *Level 3* - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include discounted cash flow models, and similar techniques.

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Financial assets carried at fair value on a recurring basis consist of the following at June 30, 2017:

| | <u>Level 2</u> | <u>Level 3</u> |
|--|---------------------|---------------------|
| Money Market Accounts | \$ 2,556,793 | \$ - |
| Corporate fixed income securities | 2,336,683 | - |
| Foreign government obligations | 500,994 | - |
| Capital and direct loan program notes receivable | - | 6,189,911 |
| <i>Total</i> | <u>\$ 5,394,470</u> | <u>\$ 6,189,911</u> |

Financial assets carried at fair value on a recurring basis consist of the following at June 30, 2016:

| | <u>Level 2</u> | <u>Level 3</u> |
|--|---------------------|---------------------|
| Money Market Accounts | \$ 2,196,014 | \$ - |
| Corporate fixed income securities | 2,605,984 | - |
| Foreign government obligations | 335,806 | - |
| Capital and direct loan program notes receivable | - | 6,255,022 |
| <i>Total</i> | <u>\$ 5,137,804</u> | <u>\$ 6,255,022</u> |

Note 7. Notes Receivable, Capital Loan Program

The Authority has entered into an agreement with certain banks for purposes of making loans to institutions as described in Note 2. Under this agreement, the Authority is a co-lender up to 30%. Effective December 16, 2010, the Authority reduced the rate of interest on its portion of the loan from 50% to 25% of the bank rate for loans closed after that date.

For each loan, a separate participation agreement shall be entered into by both the bank and the Authority.

As of June 30, 2017 and 2016, the following loans were outstanding under this program (represents Authority's portion only):

| | 2017 | 2016 |
|---|------|------------|
| Note receivable, Manchester Community Music School, with 30% co-lending participation, with monthly payments of \$615, including principal and interest at a variable rate | \$ - | \$ 121,925 |
| Note receivable, Behavioral Health & Development Services of Strafford County, Inc., with 30% co-lending participation, with monthly payments of \$481, including principal and interest at a variable rate | - | 72,427 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| | 2017 | 2016 |
|---|------------|------------|
| Note receivable, Noah's Ark Child Care Center, Inc., with 29% co-lending participation, with monthly payments of \$1,375, including principal and interest at a variable rate (.420% at June 30, 2017), due November 2017 | \$ 172,600 | \$ 188,305 |
| Note receivable, Manchester Community Health, with 30% co-lending participation, with monthly payments of \$1,246, including principal and interest at a variable rate (0.425% at June 30, 2017), due December 2018 | 372,033 | 385,409 |
| Note receivable, Regional Service & Education Center, with 30% co-lending participation, with monthly payments of \$666, including principal and interest at a variable rate (.530% at June 30, 2017), due December 2018 | 55,748 | 63,375 |
| Note receivable, Red River Theatres, Inc., with 30% co-lending participation, with monthly payments of \$818, including principal and interest at a variable rate (0.625% at June 30, 2017), due February 2019 | 69,548 | 78,806 |
| Note receivable, Woodside School, with 30% co-lending participation, with monthly payments of \$691, including principal and interest at a variable rate (0.498% at June 30, 2017), due February 2019 | 104,502 | 112,181 |
| Note receivable, Strong Foundations, with 30% co-lending participation, with monthly payments of \$2,766, including principal and interest at a rate of .830% | - | 365,699 |
| Note receivable, Manchester Historical Association, with 30% co-lending participation, with monthly payments of \$1,008, including principal and interest at a rate of .625%, due April 2018 | 189,283 | 200,130 |
| Note receivable, Seacoast Mental Health Center Resource Group, Inc., with 30% co-lending participation, with monthly payments of \$1,414, including principal and interest at a rate of .688%, due December 2018 | 109,465 | 125,559 |
| Note receivable, The Granite YMCA, with 29% co-lending participation, with monthly payments of \$2,219, including principal and interest at a rate of .500%, due June 2019 | 331,214 | 355,963 |
| Note receivable, Brain Injury Association of New Hampshire, with 30% co-lending participation, with monthly payments of \$342, including principal and interest at a rate of 0.498%, due November 2019 | 86,773 | 90,431 |
| Note receivable, Great Bay Kids' Company, with 20% co-lending participation, with monthly payments of \$1,371, including principal and interest at a rate of 0.545%, due January 2021 | 488,451 | 500,000 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Note receivable, Spaulding Youth Center, with 30% co-lending participation, with monthly payments of \$6,855, including principal and interest at a rate of 0.500%, due November 2019 | \$ 204,309 | \$ 284,454 |
| | 2,183,926 | 2,944,664 |
| Portion receivable within one year | 538,055 | 564,186 |
| <i>Capital Loan Program notes receivable, net of current portion</i> | <u>\$ 1,645,871</u> | <u>\$ 2,380,478</u> |

At June 30, 2017 and 2016, there were no loan guarantees outstanding.

At June 30, 2017, there were 11 notes outstanding. Maturities of notes receivable are scheduled as follows:

| <u>Year Ending June 30,</u> | |
|-----------------------------|---------------------|
| 2018 | \$ 538,055 |
| 2019 | 1,061,983 |
| 2020 | 139,032 |
| 2021 | 444,856 |
| <i>Total</i> | <u>\$ 2,183,926</u> |

Note 8. Notes Receivable, Direct Loan Program

The Authority has entered into agreements for purposes of making loans to institutions as described in Note 2. Under these agreements, the Authority loans funds to qualified institutions for the purchase of capital equipment, the acquisition of real estate, construction or renovation of facilities, refinancing of existing debt or other matters as determined by the Board of Directors. All of the loans in this program carry interest at 1.0%.

At June 30, 2017 and 2016, the following loans were outstanding under this program:

| <u>Borrower</u> | <u>Monthly Payment</u> | <u>Due Date (Month- Year)</u> | <u>2017</u> | <u>2016</u> |
|--|----------------------------|---------------------------------------|-------------|-------------|
| Genesis Mental Health Center | \$ 1,709 | Aug-16 | - | \$ 3,423 |
| Tilton School | 1,709 | Sep-16 | - | 5,131 |
| Nashua Center for the Multiply Handicapped | 462 | Dec-16 | - | 2,766 |
| The White Mountain School | 855 | Dec-16 | - | 5,113 |
| Families in Transition | 525 | Feb-17 | - | 4,182 |
| The White Mountain School | 842 | Apr-17 | - | 8,378 |
| Cocheco Arts and Technology Academy | 83 | May-22 | 100,000 | 100,000 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Borrower | Monthly Payment | Due Date (Month-Year) | 2017 | 2016 |
|--|-----------------|-----------------------|--------|-----------|
| The Birchtree Center | \$ 1,709 | Apr-17 | \$ - | \$ 16,978 |
| Cardigan Mountain School | 1,709 | May-17 | - | 18,660 |
| Community Bridges | 1,111 | Jul-17 | 1,118 | 14,370 |
| Opportunity Networks, Inc. | 552 | Jul-17 | 543 | 7,131 |
| Nashua Center for the Multiply Handicapped | 291 | Aug-17 | 583 | 4,045 |
| Manchester Community Music School | 769 | Sep-17 | 2,304 | 11,462 |
| Concord Family YMCA | 387 | Oct-17 | 1,546 | 6,151 |
| The Pine Hill Waldorf School | 1,709 | Dec-17 | 20,422 | 30,547 |
| Surry Village Charter School | 1,709 | Dec-17 | - | 60,000 |
| Riverbend Community Mental Health, Inc. | 1,709 | Jan-18 | 11,920 | 32,203 |
| NH Odd Fellows' Home d/b/a Presidential Oaks | 530 | Feb-18 | 4,223 | 10,506 |
| Monadnock Developmental Services, Inc. | 970 | Feb-18 | 2,883 | 15,378 |
| Measured Progress, Inc. | 2,705 | Apr-18 | 26,963 | 58,981 |
| Seacoast Learning Collaborative | 1,983 | Jun-18 | 23,696 | 47,127 |
| Mount Washington Observatory | 2,137 | Jun-18 | 25,479 | 50,728 |
| Coos County Family Health Services | 3,060 | Aug-18 | 42,521 | 78,615 |
| High Mowing School | 559 | Sep-18 | 8,342 | 14,931 |
| YMCA of Greater Manchester | 2,284 | Sep-18 | 34,061 | 60,977 |
| Nashua Center for the Multiply Handicapped | 592 | Sep-18 | 8,818 | 15,794 |
| Concord Family YMCA | 3,077 | Oct-18 | 48,914 | 85,151 |
| Seacoast Learning Collaborative | 1,532 | Dec-18 | 27,397 | 45,411 |
| Community Bridges | 1,709 | Dec-18 | 30,527 | 50,625 |
| New Hampton School | 1,709 | Dec-18 | 32,209 | 50,625 |
| Opportunity Networks, Inc. | 1,256 | Dec-18 | 22,407 | 37,179 |
| Kimi Nichols Center | 792 | Feb-19 | 15,713 | 25,005 |
| The White Mountain School | 845 | Apr-19 | 17,605 | 27,521 |
| The Granite YMCA | 1,376 | Jun-19 | 32,680 | 48,776 |
| Making Community Connections Charter School | 63 | Jul-19 | 50,000 | 75,000 |
| Manchester Community Music School | 342 | Jul-19 | 8,455 | 12,451 |
| Bishop Guertin High School | 2,803 | Jul-19 | 69,331 | 102,100 |
| Community Bridges | 991 | Aug-19 | 25,490 | 37,069 |
| Brewster Academy | 610 | Aug-19 | 15,667 | 22,788 |
| Kimball Union Academy | 4,210 | Aug-16 | - | 8,367 |
| YMCA Camp Belknap | 3,419 | Nov-19 | 97,915 | 137,745 |
| Spaulding Youth Center | 3,419 | Nov-19 | 97,915 | 137,745 |
| Kimi Nichols Center | 625 | Jan-20 | 19,106 | 26,370 |
| Farmsteads of New England, Inc. | 513 | Nov-19 | 14,687 | 20,662 |
| Farmsteads of New England, Inc. | 1,197 | Dec-19 | - | 49,366 |
| Kimball Union Academy | 4,210 | Jan-17 | - | 29,410 |
| Cardigan Mountain School | 1,143 | Mar-20 | 37,209 | 50,483 |
| Community Bridges | 410 | Mar-20 | 13,348 | 18,112 |
| Opportunity Networks, Inc. | 758 | Mar-20 | 24,649 | 33,446 |
| Nashua Center for the Multiply Handicapped | 855 | Mar-20 | 27,809 | 37,733 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Borrower | Monthly Payment | Due Date (Month-Year) | 2017 | 2016 |
|--|-----------------|-----------------------|-----------|-----------|
| The Plus Company, Inc. | \$ 749 | Apr-20 | \$ 25,099 | \$ 33,790 |
| Boys and Girls Club of Manchester | 2,807 | May-20 | 96,803 | 129,339 |
| Seacoast Learning Collaborative | 838 | May-20 | 28,867 | 38,576 |
| The Learning Skills Academy | 1,460 | Jun-20 | 51,748 | 68,656 |
| Concord Family YMCA | 1,100 | Jun-20 | 39,004 | 51,748 |
| The Moore Center | 1,709 | Jul-20 | 62,282 | 82,064 |
| Manchester Community Health Center | 513 | Jul-20 | 18,682 | 24,617 |
| Birch Hill Terrace | 3,419 | Jul-20 | 124,512 | 164,078 |
| Brewster Academy | 1,145 | Aug-20 | 42,810 | 56,050 |
| Capital Center for the Arts | 3,419 | Aug-20 | 127,825 | 167,357 |
| Boys and Girls Club of Central New Hampshire | 376 | Oct-20 | 14,795 | 19,136 |
| Great Bay Kids Co | 1,709 | Nov-20 | 68,898 | 88,614 |
| Community Bridges | 855 | Dec-20 | 35,262 | 45,112 |
| Boys and Girls Club of Derry | 1,026 | Dec-20 | 42,314 | 54,134 |
| Kimball Union Academy | 4,210 | Mar-18 | 37,757 | 87,631 |
| Community Partners | 3,419 | Apr-21 | 154,285 | 193,554 |
| Boys and Girls Club of Nashua | 1,709 | Mar-21 | 39,289 | 95,104 |
| Kimi Nichols Center | 838 | Mar-21 | 37,785 | 47,406 |
| Concord Community Music | 2,857 | Jun-21 | 134,298 | 167,129 |
| Nashua Center for the Multiply Handicapped | 632 | Jul-21 | 30,360 | 37,000 |
| Seacoast Learning Collaborative, Inc. | 732 | Aug-21 | 35,844 | - |
| Dublin School | 2,060 | Aug-21 | 100,860 | - |
| New Hampshire Association for the Blind | 2,308 | Sep-21 | 115,178 | - |
| Red River Theatres, Inc. | 2,085 | Nov-21 | 108,127 | - |
| Seacoast Charter School | 3,419 | Nov-21 | 177,218 | - |
| Tilton School | 1,703 | Nov-21 | 88,244 | - |
| Community Bridges | 1,009 | Nov-21 | 52,268 | - |
| Rivier University | 529 | Nov-21 | 27,407 | - |
| Boys and Girls Club of Greater Salem, Inc. | 632 | Dec-21 | 33,395 | - |
| Kimball Union Academy | 3,158 | Dec-18 | 56,401 | - |
| Farmsteads of New England, Inc. | 410 | Dec-21 | 21,654 | - |
| Opportunity Networks, Inc. | 265 | Dec-21 | 14,003 | - |
| Mount Washington Observatory | 2,222 | Mar-22 | 123,682 | - |
| Rivier University | 2,889 | Mar-22 | 160,749 | - |
| Farmsteads of New England, Inc. | 513 | Mar-22 | 28,535 | - |
| Kimi Nichols Center, Inc. | 1,678 | Mar-22 | 93,384 | - |
| Harbor Homes, Inc. | 3,419 | Apr-22 | 193,532 | - |
| Greater Nashua Council on Alcoholism | 3,419 | Mar-22 | 190,236 | - |

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NOTES TO FINANCIAL STATEMENTS

| Borrower | Monthly Payment | Due Date (Month- Year) | 2017 | 2016 |
|---|--------------------|------------------------------|---------------------|---------------------|
| | | | | |
| PACE Career Academy | \$ 291 | Jun-22 | \$ 17,000 | - |
| The PLUS Company, Inc. #2 | 737 | Jun-22 | 43,130 | - |
| MicroSociety Academy Charter | 2,991 | Jun-22 | 175,000 | - |
| The Granite Young Men's Christian Association | 1,509 | Jul-22 | 88,256 | - |
| | | | 4,201,233 | 3,503,812 |
| Portion receivable within one year | | | 1,515,102 | 1,335,924 |
| <i>Direct Loan Program notes receivable, net of current portion</i> | | | <u>\$ 2,686,131</u> | <u>\$ 2,167,888</u> |

At June 30, 2017, there were 92 notes outstanding. Maturities of notes receivable are scheduled as follows:

| <u>Year Ending June 30,</u> | |
|-----------------------------|---------------------|
| 2018 | \$ 1,515,102 |
| 2019 | 1,067,835 |
| 2020 | 822,893 |
| 2021 | 533,714 |
| 2022 | 260,178 |
| 2023 | 1,508 |
| <i>Total</i> | <u>\$ 4,201,230</u> |

Note 9. Retirement Plans

The Authority has a simplified employee pension plan (the "Plan") which covers all employees who meet the eligibility requirements of the Plan. For the years ended June 30, 2017 and 2016, the Authority contributed 12% each of salaries for qualified employees, amounting to \$30,222 and \$29,433, respectively. The Authority has a section 457(b) deferred compensation plan which covers all employees who meet the eligibility requirements of the plan. However, no employer contributions are permitted under the Plan.

Note 10. Commitments

The Authority has employment agreements with its Executive Director and Director of Operations and Finance. As of June 30, 2017, the agreements have no remaining extension terms. The aggregate commitment under these agreements was approximately \$277,200 at June 30, 2017. The Authority also has a consulting agreement with its current Executive Director after his retirement for one year beginning January 1, 2018. The aggregate commitment under this agreement is \$320,000 at June 30, 2017.

Note 11. Operating Lease

The Authority leases office space under an operating lease from an unrelated party. The lease expires October 31, 2017. The monthly lease payments amounted to \$1,550 and \$1,525 at June 30, 2017 and 2016, respectively.

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Minimum future rental expenses for the remainder of the lease term under the agreement are as follows:

| <u>Year Ending June 30,</u> | | |
|-----------------------------|--------------|------------------|
| 2018 | | \$ 18,800 |
| 2019 | | 19,100 |
| 2020 | | 6,400 |
| | <i>Total</i> | <u>\$ 44,300</u> |

Rent expense for the years ended June 30, 2017 and 2016 amounted to \$19,605 and \$19,305, respectively.

Note 12. Conduit Debt Obligations

Since its inception, the Authority has issued various series of bonds. The Authority has transferred its rights and obligations related to each series of bonds to a bank trustee. Each of the series of bonds is collateralized by a note receivable and security agreement from the institution in respect of which the bonds were issued. The bonds are payable solely from the resources of the recipient institution, and, payment cannot be claimed from the collateral or revenue pledged for the payment of the other series of bonds. Accordingly, the bonds have not been reported in the accompanying financial statements.

As of June 30, 2017, the following series of bonds were outstanding:

| Description | Maturing | Original Issue | Outstanding June 30, 2017 |
|--|---|-------------------|------------------------------|
| Hunt Community Issue, Series 1996 Interest: Variable, not to exceed 12.00%, convertible to fixed | Annually May 1, 1997 - 2026 | \$ 13,220,000 | \$ 6,635,000 |
| St. Paul's School Issue, Series 1998 Interest: 3.50% | January 1, 2028 | 40,000,000 | 40,000,000 |
| Exeter Hospital Obligated Group Issue, Series 2001B Interest: Variable | Annually October 1, 2002 - 2023 | 18,800,000 | 6,770,000 |
| Bishop Guertin High School Issue, Series 2002 Interest: Variable | Annually September 1, 2005 - 2032 | 6,200,000 | 4,180,000 |

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Original Issue | Outstanding June 30, 2017 |
|---|--|----------------|---------------------------|
| Riverbend Issue, Series 2003 Interest: Variable | July 1, 2033 | \$ 6,000,000 | \$ 3,475,000 |
| Dartmouth College Issue, Series 2003 Interest: Variable | Annually June 1, 2004 - 2023 | 113,250,000 | 53,700,000 |
| Exeter Hospital Issue, Series 2003 Interest: Variable | Annually October 1, 2006 - 2033 | 20,000,000 | 14,470,000 |
| Kendal at Hanover Issue, Series 2004B Interest: Variable | Annually October 1, 2005 - 2030 | 15,545,000 | 7,890,000 |
| University System of New Hampshire Issue, Series 2005A Interest: 3.8445% | July 1, 2035 | 65,000,000 | 50,100,000 |
| University System of New Hampshire Issue, Series 2005B Interest: Variable | Annually July 1, 2007 - 2033 | 97,360,000 | 73,405,000 |
| New Hampshire Institute of Art Issue, Series 2005 Interest: Variable | Annually October 1, 2006 - 2035 | 7,000,000 | 5,395,000 |
| Tilton School Issue, Series 2006 Interest: Variable | Annually February 1, 2009 - 2036 | 17,000,000 | 13,795,000 |
| Frisbie Memorial Hospital Issue, Series 2006 Interest: Variable | Annually August 1, 2007 - 2036 | 25,000,000 | 21,900,000 |
| Southeastern Regional Educational Service Center Issue, Series 2006 Interest: Variable | Annually November 1, 2007 - 2036 | 5,500,000 | 3,755,000 |
| Dartmouth College Issue, Series 2007B Interest: Variable | June 1, 2012, 2036, 2041 | 90,000,000 | 75,000,000 |

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NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Original Issue | Outstanding June 30, 2017 |
|--|---|----------------|---------------------------|
| High Mowing School Issue, Series 2007 Interest: 5.21% | Monthly July 1, 2007 - 1-Jun-37 | \$ 2,000,000 | \$ 1,153,272 |
| Child and Family Services of New Hampshire Issue, Series 2007 Interest: Variable | Quarterly January 1, April 1, July 1, and October 1, 2010 - 2038 | 5,540,000 | 4,415,000 |
| Moore Center Services Inc. Issue, Series 2007 Interest: Variable | Annually September 1, 2008 - 2037 | 4,295,000 | 3,535,000 |
| Southern New Hampshire Medical Center Issue, Series 2007A Interest: 5.00% - 5.25% | Annually October 1, 2013 - 2037 | 89,905,000 | 20,635,000 |
| Phillips Exeter Academy Issue, Series 2007 Interest: Variable | September 1, 2042 | 50,000,000 | 50,000,000 |
| Wediko Children's Services Issue, Series 2007 Interest: 5.42% | Annually September 1, 2008 - 2037 | 3,800,000 | 3,139,949 |
| Greater Manchester YMCA Family Issue, Series 2007 Interest: Variable | Annually October 1, 2009 - 2028 | 3,800,000 | 2,035,000 |
| Covenant Health Systems Issue, Series 2007A Interest: 5.00% - 5.25% | Annually July 1, 2008 - 2037 | 17,030,000 | 14,535,000 |
| Covenant Health Systems Issue, Series 2007B Interest: Variable | Annually July 1, 2008 - 2031 | 36,650,000 | 30,355,000 |
| University System of New Hampshire Issue, Series 2007 Interest: 4.975% | July 1, 2018 | 46,570,000 | 46,570,000 |

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NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Original Issue | Outstanding June 30, 2017 |
|--|---|------------------|---------------------------|
| Rivier College Issue, Series 2008 Interest: Variable | Annually February 1, 2009 - 2038 | \$ 17,745,000 \$ | 14,270,000 |
| The Derryfield School Issue, Series 2008 Interest: Variable | Annually July 1, 2012 - 2038 | 7,000,000 | 6,185,000 |
| St. Anselm College Issue, Series 2008 Interest: Variable | Annually June 1, 2009 - 2038 | 62,215,000 | 50,805,000 |
| Riverbend Community Mental Health Issue, Series 2008 Interest: Variable | Annually July 1, 2009 - 2038 | 4,100,000 | 3,450,000 |
| Kendal at Hanover Issue, Series 2008 Interest: Variable | Annually October 1, 2011 - 2038 | 16,365,000 | 14,050,000 |
| University System of New Hampshire Issue, Series 2009A Interest: 4.00% - 5.50 % | July 1, 2014, 2016, 2020, and 2023 | 105,650,000 | 59,045,000 |
| New Hampshire Institute of Art Issue, Series 2009 Interest: Variable | Quarterly January 1, April 1, July 1, October 1, 2010 - 2038 | 9,000,000 | 7,505,400 |
| Dartmouth College Issue, Series 2009 Interest: 5.00% - 5.25% | June 1, 2019, 2028, 2029, and 2039 | 198,875,000 | 52,800,000 |
| Dartmouth-Hitchcock Obligated Group Issue, Series 2009 Interest: 3.00% - 6.00% | Annually August 1, 2010 - 2022, 2033, and 2038 | 134,920,000 | 57,540,000 |

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NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|------------------|------------|
| Havenwood Heritage Heights Issue, Series 2009 Interest: Variable | Annually January 1, 2012 - 2035 | \$ 14,910,000 \$ | 13,685,000 |
| Pinkerton Academy Issue, Series 2010 Interest: 2.00% - 4.875% | Annually June 1, 2012 - 2025 and June 1, 2030 and June 1, 2035 | 38,380,000 | 31,920,000 |
| Dartmouth-Hitchcock Obligated Group Issue, Series 2010 Interest: 5.00% | Annually August 1, 2032 - 2040 | 75,000,000 | 75,000,000 |
| St. Paul's School Issue, Series 2010 Interest: 3.00% - 4.00% | Semi-Annually April 1 and October 1, 2011 - 2020 | 13,655,000 | 13,655,000 |
| New Hampton School Issue, Series 2010 Interest: Variable | Monthly October 1, 2010 - September 1, 2030 | 6,605,000 | 4,322,384 |
| Crotched Mountain Rehabilitation Center Issue, Series 2010 Interest: Variable | Monthly January 1, 2011 - December 1, 2030 | 30,000,000 | 25,211,752 |
| Brewster Academy Issue, Series 2011 Interest: 4.45 Subject to adjustment February 1, 2021 and February 1, 2031 and | Monthly March 1, 2013 - February 1, 2041 | 18,000,000 | 16,430,748 |
| Concord Hospital Issue, Series 2011 Interest: 1.125% - 5.60% | Annually October 1, 2011 - 2031 | 49,795,000 | 29,915,000 |
| Wentworth-Douglass Hospital Issue, Series 2011A Interest: 3.87% - 6.34% | Annually January 1, 2017 - 2041 | 87,920,000 | 87,065,000 |
| University System of New Hampshire Issue, Series 2011A Interest: 5.00% | July 1, 2021 | 6,000,000 | 6,000,000 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Original Issue | Outstanding June 30, 2017 |
|--|--|------------------|---------------------------|
| University System of New Hampshire Issue, Series 2011B Interest: Variable | Annually July 1, 2012 - 2033 | \$ 42,570,000 \$ | 34,200,000 |
| Measured Progress Issue, Series 2011A Interest: 2.269% | Monthly August 1, 2011 - June 1, 2031 | 12,000,000 | 9,501,946 |
| Measured Progress Issue, Series 2011B Interest: 2.636% | Monthly August 1, 2011 - June 1, 2031 | 6,000,000 | 4,827,843 |
| John H. Whitaker Place Issue, Series 2011 Interest: 3.50% | Monthly September 1, 2011 - August 1, 2041 | 5,500,000 | 4,732,209 |
| RiverMead at Peterborough Issue, Series 2011A Interest: 6.625% - 6.875% | Annually July 1, 2029 - 2041 | 21,670,000 | 21,670,000 |
| Exeter Hospital Issue, Series 2012 Interest: Variable | Annually October 1, 2012 - 2031 | 32,565,000 | 27,725,000 |
| Presidential Oaks Issue, Series 2012 Interest: 3.96% | Monthly May 1, 2012 - April 1, 2032 | 4,000,000 | 3,253,366 |
| Androscoggin Valley Hospital Issue, Series 2012A Interest: 2.951% | Monthly May 1, 2012 - April 1, 2019 | 2,000,000 | 565,052 |
| Androscoggin Valley Hospital Issue, Series 2012B Interest: 3.312% | Monthly May 1, 2012 - April 1, 2022 | 12,500,000 | 8,885,378 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Original Issue | Outstanding June 30, 2017 |
|---|--|-----------------|---------------------------|
| The Holderness School Issue, Series 2012 Interest: 2.39% | Semi-Annually June 1, 2012 - March 1, 2027 | \$ 4,500,000 \$ | 4,500,000 |
| University System of New Hampshire Issue, Series 2012 Interest: 2.00% - 4.00% | Semi-Annually July 1, 2012 - 2020 | 23,260,000 | 12,450,000 |
| Southern New Hampshire University Issue, Series 2012 Interest: 2.50% - 5.00% | Annually January 1, 2013 - January 1, 2042 | 62,915,000 | 60,595,000 |
| Colby-Sawyer College Issue, Series 2012 Interest: 1.96% | Monthly July 1, 2012 - June 1, 2042 | 27,000,000 | 24,529,497 |
| Covenant Health Systems Obligated Group Issue, Series 2012 Interest: 3.00% - 5.00% | Annually July 1, 2013 - July 1, 2042 | 27,000,000 | 26,610,000 |
| Cardigan Mountain School Issue, Series 2012 Interest: Variable | Monthly September 1, 2015 - August 1, 2042 | 11,000,000 | 10,486,480 |
| RiverWoods at Exeter Issue, Series 2012A Interest: Variable | Annually October 1, 2013 - 2036 | 33,605,000 | 29,450,000 |
| RiverWoods at Exeter Issue, Series 2012B Interest: Variable | Annually October 1, 2013 - 2038 | 32,000,000 | 29,030,000 |
| Cheshire Medical Center Issue, Series 2012 Interest: 2.00% - 5.00% | Annually July 1, 2013 - 2039 | 29,650,000 | 26,735,000 |
| Dartmouth-Hitchcock Obligated Group Issue, Series 2012A Interest: Variable | Annually August 1, 2013 - 2031 | 75,000,000 | 71,700,000 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Original Issue | Outstanding June 30, 2017 |
|---|--|------------------|---------------------------|
| Dartmouth-Hitchcock Obligated Group Issue, Series 2012B Interest: Variable | Annually August 1, 2013 - 2031 | \$ 41,170,000 \$ | 39,340,000 |
| Speare Memorial Hospital Issue, Series 2012 Interest: Variable | Monthly January 1, 2013 - December 1, 2037 | 21,100,000 | 17,209,311 |
| Catholic Medical Center Issue, Series 2012 Interest: 3.00% - 5.00% | Annually July 1, 2013 - 2032 | 35,275,000 | 27,450,000 |
| Concord Hospital Issue, Series 2013A Interest: 2.00% - 5.00% | Annually October 1, 2013 - 2043 | 45,000,000 | 41,145,000 |
| New Hampton School Issue, Series 2013 Interest: Variable | Monthly May 1, 2013 - April 1, 2043 | 5,000,000 | 4,503,241 |
| Concord Hospital Issue, Series 2013B Interest: 1.714% | Monthly June 1, 2013 - October 1, 2024 | 32,421,264 | 18,002,825 |
| The Huntington at Nashua Issue, Series 2013 Interest: 2.534% | Monthly June 1, 2013 - May 1, 2033 | 23,000,000 | 19,211,467 |
| Dublin School Issue, Series 2013 Interest: Variable | Monthly June 1, 2013 - May 1, 2033 | 1,200,000 | 1,009,299 |
| Coe-Brown Northwood Academy Issue, Series 2013 Interest: 3.05% | Monthly June 1, 2013 - May 1, 2033 | 3,300,000 | 2,778,181 |
| Saint Anselm College Issue, Series 2013 Interest: 5.00% | Annually July 1, 2039 - August 1, 2043 | 12,000,000 | 12,000,000 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Issue | June 30, 2017 |
|--|---|-----------------|---------------|
| Boys & Girls Club of Greater Concord Issue, Series 2013 Interest: Variable | Monthly October 1, 2016 - September 1, 2033 | \$ 3,000,000 \$ | 1,353,423 |
| Elliot Hospital Issue, Series 2013 Interest: 2.05% | Monthly November 1, 2013 - October 1, 2020 | 17,021,000 | 8,414,628 |
| Havenwood Heritage Heights Issue, Series 2013B Interest: Variable | Monthly December 1, 2016 - November 1, 2041 | 14,470,000 | 14,452,488 |
| RiverMead at Peterborough Issue, Series 2013 Interest: Variable | Monthly February 1, 2014 - July 1, 2028 | 13,550,000 | 10,805,000 |
| New England College Issue, Series 2014A Interest: 2.16% Subject to adjustment March 1, 2019. | Monthly April 1, 2014 - March 1, 2044 | 3,635,802 | 3,193,471 |
| New England College Issue, Series 2014B Interest: 2.16% Subject to adjustment March 1, 2019. | Monthly March 1, 2017 - March 1, 2044 | 8,364,198 | 8,196,860 |
| Holderness School Issue, Series 2014 Interest: 3.00% - 3.375% | Monthly October 1, 2015 - September 1, 2035 | 4,500,000 | 4,204,847 |
| University System of New Hampshire Issue, Series 2014 Interest: 1.97% | Annually July 1, 2015 - July 1, 2024 | 21,760,000 | 17,775,000 |
| Covenant Health Systems, Inc. Obligated Group Issue, Series 2014 Interest: Variable | Annually July 1, 2015 - July 1, 2034 | 16,900,000 | 15,535,000 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Original Issue | Outstanding June 30, 2017 |
|---|---|------------------|---------------------------|
| Dartmouth-Hitchcock Obligated Group Issue, Series 2014A Interest: 2.63% | Annually August 1, 2019 - August 1, 2022 | \$ 26,960,000 \$ | 26,960,000 |
| Dartmouth-Hitchcock Obligated Group Issue, Series 2014B Interest: 4.00% | Annually August 1, 2032 - August 1, 2033 | 14,530,000 | 14,530,000 |
| Southern New Hampshire University Issue, Series 2014A Interest: 2.53% | Semi-Annually January 1, 2015 - January 1, 2039 | 32,208,000 | 30,984,000 |
| Southern New Hampshire University Issue, Series 2014B Interest: Variable | Semi-Annually January 1, 2015 - January 1, 2036 | 19,069,000 | 16,058,000 |
| Southern New Hampshire University Issue, Series 2014C Interest: 3.25% | Monthly September 1, 2014 - July 1, 2039 | 15,071,000 | 13,325,000 |
| Keystone Hall Issue, Series 2014 Interest: Variable | Monthly September 15, 2014 - September 15, 2042 | 3,963,900 | 3,740,369 |
| Southern District YMCA Issue, Series 2014A Interest: Variable | Monthly November 1, 2017 - November 1, 2034 | 2,750,000 | 2,750,000 |
| Southern District YMCA Issue, Series 2014B Interest: 3.53% | Monthly November 1, 2017 - November 1, 2034 | 2,904,000 | 1,965,000 |
| Southern District YMCA Issue, Series 2014C Interest: Variable | Monthly November 1, 2017 - November 1, 2034 | 1,250,000 | 1,250,000 |
| Exeter Hospital Issue, Series 2015 Interest: 2.13% | Monthly March 26, 2015 - March 26, 2022 | 6,000,000 | 4,168,052 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Issue | June 30, 2017 |
|---|---|----------------|----------------|
| University System of New Hampshire Issue, Series 2015 Interest: 1.97% | Semi-Annually July 1, 2015 - July 1, 2045 | \$ 116,970,000 | \$ 115,870,000 |
| YMCA of Greater Nashua Issue, Series 2015A Interest: 2.89% | Monthly June 1, 2015 - May 1, 2035 | 5,700,000 | 5,264,244 |
| YMCA of Greater Nashua Issue, Series 2015B Interest: 2.89% | Monthly July 1, 2015 - June 1, 2038 | 3,500,000 | 3,500,000 |
| St. Paul's School Issue, Series 2015 Interest: 3.05% | Quarterly July 1, 2015 - June 1, 2045 | 12,000,000 | 12,000,000 |
| Scott-Farrar Home Issue, Series 2015 Interest: 4.25% - 7.00% | Annually July 1, 2017 - July 1, 2045 | 16,300,000 | 16,300,000 |
| Center for Life Management Issue, Series 2015 Interest: Variable | September 1, 2015 - August 1, 2036 | 3,042,730 | 2,860,230 |
| Dartmouth College Issue, Series 2015A Interest: Variable | July 1, 2040 | 50,500,000 | 50,500,000 |
| Dartmouth College Issue, Series 2015B Interest: Variable | July 1, 2040 | 50,500,000 | 50,500,000 |
| Dartmouth College Issue, Series 2015C Interest: Variable | July 1, 2038 | 45,000,000 | 45,000,000 |
| Dartmouth College Issue, Series 2015D Interest: Variable | July 1, 2038 | 44,665,000 | 44,665,000 |
| Kimball Union Academy Issue, Series 2015A Interest: Variable | October 10, 2015 - July 10, 2045 | 12,657,301 | 12,290,909 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | | Original Issue | Outstanding June 30, 2017 |
|---|---|----|----------------|---------------------------|
| Kimball Union Academy Issue, Series 2015B Interest: Variable | July 10, 2045 | \$ | 2,000,000 | 2,000,000 |
| New Hampshire Catholic Charities Issue, Series 2015 Interest: Variable | Monthly October 1, 2015 - September 1, 2040 | | 15,500,000 | 14,886,170 |
| Dartmouth Hitchcock Obligated Group Issue, Series 2015A Interest: Variable | August 1, 2031 | | 86,710,000 | 82,975,000 |
| Catholic Medical Center Issue, Series 2015A Interest: Variable | Annually July 1, 2016 - 2040 | | 24,070,000 | 23,420,000 |
| Catholic Medical Center Issue, Series 2015B Interest: Variable | Annually July 1, 2017 - 2036 | | 8,650,000 | 8,650,000 |
| Littleton Hospital Issue, Series 2015A Interest: Variable | Monthly October 1, 2015 - September 1, 2038 | | 5,331,100 | 5,034,102 |
| Littleton Hospital Issue, Series 2015B Interest: Variable | Monthly October 1, 2015 - September 1, 2038 | | 20,753,200 | 19,779,980 |
| New Hampton School Issue, Series 2015A Interest: Variable | Monthly December 1, 2015 - November 1, 2040 | | 3,077,148 | 2,882,262 |
| New Hampton School Issue, Series 2015B Interest: Variable | Monthly December 1, 2015 - November 1, 2040 | | 3,101,367 | 2,904,947 |
| Concord Christian Academy Issue, Series 2015A Interest: 3.25% | Monthly January 1, 2016 - December 1, 2042 | | 6,012,174 | 6,012,174 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Original Issue | Outstanding June 30, 2017 |
|---|---|----------------|---------------------------|
| Concord Christian Academy Issue, Series 2015B Interest: 4.93% | Monthly January 1, 2016 - November 1, 2019 | \$ 487,826 | \$ 487,826 |
| Wentworth-Douglass Hospital Issue, Series 2016A Interest: 3.553% | Annually January 1, 2017 - January 1, 2031 | 16,000,000 | 15,180,000 |
| Wentworth-Douglass Hospital Issue, Series 2016B Interest: 3.00% | Annually January 1, 2017 - January 1, 2026 | 6,000,000 | 5,500,000 |
| Phillips Exeter Academy Issue, Series 2016 Interest: 2.19% | April 1, 2036 | 30,000,000 | 30,000,000 |
| Speare Memorial Hospital Issue, Series 2015A Interest: Variable | Monthly July 1, 2017 - December 1, 2030 | 4,164,574 | 4,164,574 |
| Speare Memorial Hospital Issue, Series 2015B Interest: Variable | Monthly May 1, 2016 - July 1, 2017 | 335,426 | 18,906 |
| Frisbie Memorial Hospital Issue, Series 2016 Interest: 2.14% | Monthly June 1, 2016 - May 1, 2023 | 8,800,000 | 7,438,095 |
| Kendal at Hanover Issue, Series 2016 Interest: 5.00% | October 1, 2036, 2040, 2046 | 18,305,000 | 17,270,000 |
| Dartmouth College Issue, Series 2016A Interest: Variable | June 1, 2043 | 165,000,000 | 165,000,000 |
| University System of New Hampshire Issue, Series 2016 Interest: Variable | Annually January 1, 2017 - January 1, 2042 and January 1, 2046 | 53,890,000 | 53,890,000 |
| Southern NH Medical Center Issue, Series 2016 Interest: 1.29% | Monthly July 7, 2016 - June 7, 2023 | 10,500,000 | 9,057,346 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Issue | June 30, 2017 |
|--|--|------------------|---------------|
| Southern New Hampshire University Issue, Series 2016 Interest: 4.00% - 5.00% | Annually January 1, 2017 - January 1, 2036 | \$ 30,230,000 \$ | 29,960,000 |
| Dartmouth-Hitchcock Obl Issue, Series 2016A Interest: Variable | Annually June 30, 2017 - June 30, 2046 | 24,605,000 | 24,605,000 |
| Dartmouth-Hitchcock Obl Issue, Series 2016B Interest: Variable | Annually June 30, 2017 - June 30, 2046 | 10,970,000 | 10,970,000 |
| Birch Hill Terrace Issue, Series 2016 Interest: Variable | Monthly July 8, 2016 July 1, 2036 | 12,680,000 | 12,680,000 |
| Havenwood Heritage Heights Issue, Series 2016A Interest: 4.00% - 5.00% | Monthly October 1, 2016 December 1, 2027 | 8,415,028 | 7,942,558 |
| Havenwood Heritage Heights Issue, Series 2016B Interest: Variable | Monthly January 1, 2027 December 1, 2039 | 2,590,972 | 2,590,972 |
| Franklin Pierce University Issue, Series 2016 Interest: 3.5% | Monthly January 1, 2017 November 1, 2046 | 34,562,000 | 34,157,890 |
| Southern NH Medical Center Issue, Series 2016 Interest: 3.00% - 5.00% | Annually October 1, 2018 October 1, 2031 | 59,345,000 | 59,345,000 |
| Saint Anselm College Issue, Series 2016 Interest: 2.25% - 5.00% | Annually August 1, 2017 August 1, 2036, 2041, 2046 | 17,445,000 | 17,445,000 |
| Elliot Hospital Issue, Series 2016 Interest: 2.00% - 5.00% | Annually June 30, 2017 June 30, 2039 | 147,020,000 | 147,020,000 |
| Easter Seals New Hampshire, Inc. Series 2016A Interest: 2.2% | Annually January 1, 2017 December 1, 2034 | 13,015,000 | 12,782,500 |

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NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Issue | June 30, 2017 |
|---|--|--------------|---------------|
| Easter Seals New Hampshire, Inc. Series 2016B Interest: 3.25% | Annually January 1, 2017 December 1, 2046 | \$ 9,175,000 | \$ 9,083,140 |
| Memorial Hospital Issue, Series 2016 Interest: 4.00% - 5.50% | Annually June 1, 2017 June 1, 2026, 2031, 2036 | 14,875,000 | 14,445,000 |
| Taylor Community Issue, Series 2016 Interest: 4.00% - 5.00% | Monthly February 1, 2017 December 1, 2026 | 16,132,653 | 15,988,180 |
| Proctor Academy Issue, Series 2017 Interest: Variable | Semi-annually July 1, 2017 July 1, 2020 | 25,000,000 | 25,000,000 |
| Covenant Health Systems Issue, Series 2017 Interest: 3.56% | Annually July 1, 2017 July 1, 2047 | 7,960,000 | 7,960,000 |
| Southern NH Univeristy Issue, Series 2017 Interest: 5.00% | Annually January 1, 2018 January 1, 2037 | 50,000,000 | 50,000,000 |
| Genesis Behavioral Health Issue, Series 2017A & B Interest: A=2.97% B=4.43% | Monthly July 1, 2017 June 1, 2047 | 5,200,000 | 5,200,000 |
| Hillside Village Issue, Series 2017A Interest: 5.25% - 6.25% | Semi-annually January 1, 2018 July 1, 2027, 2037, 2042, 2052 | 57,395,000 | 57,395,000 |
| Hillside Village Issue, Series 2017B Interest: 4.125% | Semi-annually January 1, 2018 July 1, 2024 | 17,210,000 | 17,210,000 |
| Hillside Village Issue, Series 2017C Interest: 3.5% | Semi-annually January 1, 2018 July 1, 2022 | 16,520,000 | 16,520,000 |
| Hillside Village Issue, Series 2017D Interest: 4.00% | Semi-annually January 1, 2018 July 1, 2022 | 1,890,000 | 1,890,000 |

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

| Description | Maturing | Issue | June 30, 2017 |
|--|---|------------------|------------------|
| Huggins Hospital Series 2017A Interest: 2.59% | Monthly October 1, 2017 June 1, 2047 | \$ 14,380,488 | \$ 14,380,488 |
| Huggins Hospital Series 2017B Interest: Variable | Annually October 1, 2017 June 1, 2047 | 14,160,667 | 14,160,667 |
| <i>Total</i> | | \$ 4,068,007,818 | \$ 3,363,488,898 |

As of June 30, 2017, there were 148 bond issues outstanding. These bonds mature at various dates, with aggregate principal payments due as follows:

| <u>Year Ending June 30,</u> | |
|-----------------------------|------------------|
| 2018 | \$ 97,585,408 |
| 2019 | 158,304,020 |
| 2020 | 123,373,577 |
| 2021 | 158,261,992 |
| 2022 | 115,393,064 |
| Thereafter | 2,710,570,837 |
| <i>Total</i> | \$ 3,363,488,898 |

Note 13. Subsequent Events

The Authority has evaluated subsequent events through October 6, 2017; the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended June 30, 2017.

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

STATEMENT OF BUDGETARY COMPARISON

Year Ended June 30, 2017

| | Budget | Actual Amounts (Budgetary Basis) | Budgetary Basis to GAAP Basis Differences | | Actual Amounts GAAP Basis |
|-----------------------------|-------------------|---|--|-----|------------------------------------|
| Salaries | \$ 260,120 | \$ 302,105 | \$ (14,868) | (1) | \$ 287,237 |
| Employee benefits | 92,483 | 61,020 | (3,753) | (1) | 57,267 |
| Rent, electric and cleaning | 22,740 | 22,012 | - | | 22,012 |
| Legal fees | 21,000 | 20,757 | 127 | (2) | 20,884 |
| Payroll taxes | 17,326 | 19,924 | - | | 19,924 |
| General insurance | 20,466 | 19,148 | (304) | (2) | 18,844 |
| Accounting fees | 17,000 | 16,000 | - | | 16,000 |
| Bank investment fees | 16,000 | 13,875 | - | | 13,875 |
| Outside services | 15,200 | 11,119 | 102 | (2) | 11,221 |
| Travel and meetings | 21,500 | 8,904 | - | | 8,904 |
| Dues and subscriptions | 7,665 | 6,847 | - | | 6,847 |
| Office supplies and postage | 8,700 | 6,632 | 97 | (2) | 6,729 |
| Telephone | 5,420 | 5,449 | 78 | (2) | 5,527 |
| Bad debt expense | - | - | 1,790 | (3) | 1,790 |
| Miscellaneous | 1,200 | 236 | - | | 236 |
| | <u>\$ 526,820</u> | <u>\$ 514,028</u> | <u>\$ (16,731)</u> | | <u>\$ 497,297</u> |

- (1) The Authority budgets for compensated absences only to the extent expected to be paid, rather than on the accrual basis.
- (2) The Authority budgets expenditures on a cash basis rather than on the accrual basis.
- (3) The Authority budget does not include an expense for bad debts because the budget is prepared on the basis of cash expenditures.

NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY

STATEMENT OF BUDGETARY COMPARISON

Year Ended June 30, 2016

| | Budget | Actual Amounts (Budgetary Basis) | Budgetary Basis to GAAP Basis Differences | | Actual Amounts GAAP Basis |
|-----------------------------|-------------------|---|--|-----|------------------------------------|
| Salaries | \$ 253,120 | \$ 276,905 | \$ 746 | (1) | \$ 277,651 |
| Employee benefits | 90,543 | 54,520 | (161) | (2) | 54,359 |
| Rent, electric and cleaning | 22,320 | 23,038 | (1,400) | (2) | 21,638 |
| Legal fees | 20,000 | 17,863 | 5,000 | (2) | 22,863 |
| Payroll taxes | 16,853 | 17,592 | - | | 17,592 |
| General insurance | 20,466 | 17,944 | 46 | (2) | 17,990 |
| Accounting fees | 16,000 | 15,500 | - | | 15,500 |
| Bank investment fees | 16,000 | 12,436 | - | | 12,436 |
| Outside services | 15,125 | 5,289 | 36 | (2) | 5,325 |
| Travel and meetings | 21,500 | 7,534 | - | | 7,534 |
| Dues and subscriptions | 4,502 | 5,013 | (700) | (2) | 4,313 |
| Office supplies and postage | 8,830 | 6,226 | 178 | (2) | 6,404 |
| Telephone | 5,340 | 5,446 | 5 | (2) | 5,451 |
| Bad debt recovery | - | - | (2,295) | (3) | (2,295) |
| Miscellaneous | 1,200 | 438 | - | | 438 |
| | <u>\$ 511,799</u> | <u>\$ 465,744</u> | <u>\$ 1,455</u> | | <u>\$ 467,199</u> |

- (1) The Authority budgets for compensated absences only to the extent expected to be paid, rather than on the accrual basis.
- (2) The Authority budgets expenditures on a cash basis rather than on the accrual basis.
- (3) The Authority budget does not include an expense for bad debts because the budget is prepared on the basis of cash expenditures.