MISSISSIPPI HOME CORPORATION

Audited Financial Statements
Years Ended June 30, 2013 and 2012

CONTENTS

HORNE
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mississippi Home Corporation

Report on the Financial Statements

We have audited the accompanying combined statements of net position of Mississippi Home Corporation (the "Corporation") (an instrumentality of the State of Mississippi) as of June 30, 2013 and 2012, and the related combined statements of revenues, expenses and changes in net position and cash flows for the years then ended. Collectively, these statements comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation as of June 30, 2013 and 2012, and the changes in its net position and its cash flows 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 the Management's Discussion and Analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary schedules presented on pages 30 through 51 are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

These supplementary schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2013 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

Horne LLP

Ridgeland, Mississippi
September 25, 2013

This Management's Discussion and Analysis ("MD&A") seeks to provide readers with a narrative overview of Mississippi Home Corporation's (the "Corporation") financial activities for the fiscal years ended June 30, 2013 and 2012. This MD&A should be read in conjunction with the included basic combined financial statements and notes thereto, as well as our independent auditor's report thereon.

Required Basic Financial Statements

The required basic combined financial statements of the Corporation report information about the Corporation using accounting methods similar to those used by private sector companies. These statements offer information about the Corporation's activities. The combined statements of net position include all of the Corporation's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Corporation's creditors (liabilities). The assets are presented in order of liquidity, and liabilities are presented in order of nearness to payment.

All of the reporting period's revenues and expenses are accounted for in the combined statements of revenues, expenses and changes in net position. These statements measure the activities of the Corporation's operations over the past two years and can be used to determine whether the Corporation has successfully recovered all its costs through its services provided.

The final required financial statement is the combined statements of cash flows. The primary purpose of these statements is to provide information about the Corporation's cash receipts and cash payments during the reporting period. The statements report cash receipts, cash payments and net changes in cash resulting from operating, investing, non-capital financing and financing activities and provide information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

Financial Highlights – 2013

- Total assets decreased $160.1 million or 18.9 percent
- Total liabilities decreased $132.8 million or 18.8 percent
- Cash and investments decreased $158.1 million or 19.9 percent
- Bonds payable decreased $139.9 million or 21.3 percent
- Notes payable increased $0.7 million or 63.8 percent
- Total net position decreased $27.3 million or 19.5 percent, including a $29.2 million decrease in the fair value of investments
- Total operating revenues (excluding fair value adjustments) decreased $9.9 million or 15.9 percent
- Total operating expenses decreased $10.4 million or 17.1 percent
- Low income housing tax credit program revenues increased $0.4 million or 18.6 percent
- Interest income decreased $4.4 million or 12.6 percent
- Interest expense decreased $4.3 million or 14.1 percent
- Grant fund revenues decreased $5.6 million or 23.9 percent

- Grant fund expenses decreased $6.3 million or 27.6 percent
- Operating income (excluding fair value adjustments) increased $0.5 million or 38.8 percent

The following table summarizes the changes in the Corporation's assets and liabilities that occurred during the fiscal year ended June 30, 2013:

			Change	
	2013	**2012**	**Dollars**	**%**
Cash and cash equivalents	$ 49,407,590	$ 81,108,690	$ (31,701,100)	-39.1%
Investments, at fair value	587,600,812	713,993,719	(126,392,907)	-17.7%
Mortgage loans, net	36,880,916	36,035,757	845,159	2.3%
Unamortized bond issuance costs	5,524,347	6,842,046	(1,317,699)	-19.3%
Other assets	6,551,672	8,124,728	(1,573,056)	-19.4%
Total assets	$ 685,965,337	$ 846,104,940	$ (160,139,603)	-18.9%
Bonds payable, net	$ 518,200,545	$ 658,075,027	$ (139,874,482)	-21.3%
Notes payable	1,893,724	1,156,030	737,694	63.8%
Low income housing tax credit program deferred revenues	20,545,835	19,917,417	628,418	3.2%
Grant fund deferred revenues	29,212,621	22,654,023	6,558,598	29.0%
All other liabilities	3,514,441	4,395,371	(880,930)	-20.0%
Total liabilities	$ 573,367,166	$ 706,197,868	$ (132,830,702)	-18.8%
Excess of net investments in capital assets	$ 2,054,363	$ 2,052,701	$ 1,662	0.1 %
Restricted net position	70,099,592	$ 98,398,682	(28,299,090)	-28.8%
Unrestricted net position	40,444,216	39,455,689	988,527	2.5%
Total net position	$ 112,598,171	$ 139,907,072	$ (27,308,901)	-19.5%

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The following table summarizes the changes in the Corporation's operating revenues and expenses, before fair value adjustments, for the fiscal year ended June 30, 2013:

	2013	2012	Change Dollars	Change %
Interest on cash and investments	$ 2,268,574	$ 2,239,482	$ 29,092	1.3%
Interest on mortgage-backed securities	28,062,205	32,545,225	(4,483,020)	-13.8%
Interest on mortgage loans	561,949	550,316	11,633	2.1%
Low income housing tax credits	2,454,550	2,070,467	384,083	18.6%
Gain on sale of mortgage-backed securities	148,077	-	148,077	NM
Grant fund revenues	17,896,937	23,521,467	(5,624,530)	-23.9%
All other revenues	993,229	1,341,478	(348,249)	-26.0%
Total operating revenues	$ 52,385,521	$ 62,268,435	$ (9,882,914)	-15.9%
Interest expense	$ 26,228,428	$ 30,530,033	$ (4,301,605)	-14.1%
Amortization of bond issuance costs	1,474,397	1,049,557	424,840	40.5%
Salaries and benefits	4,158,125	3,769,294	388,831	10.3%
Grant fund expenses	16,584,144	22,891,133	(6,306,989)	-27.6%
All other expenses	2,006,198	2,634,715	(628,517)	-23.9%
Total operating expenses	50,451,292	60,874,732	(10,423,440)	-17.1%
Operating income before fair value adjustments	$ 1,934,229	$ 1,393,703	$ 540,526	38.8%

The Corporation reported total assets of $686 million at June 30, 2013. This represented a decrease of $160.1 million compared to June 30, 2012. Total liabilities for the same period decreased $132.8 million while total net position decreased $27.3 million.

Cash and cash equivalents decreased $31.7 million to $49.4 million at June 30, 2013 compared to June 30, 2012. The decrease was due primarily to bond principal repayments, offset by an increase in cash related to the Hardest Hit Fund.

Investments decreased $126.4 million to $587.6 million at June 30, 2013 compared to June 30, 2012. The decrease was the result of two factors:

- Scheduled payments and prepayments of mortgage-backed securities in the mortgage revenue bond program as a result of homeowners refinancing their mortgages as well as loans being purchased out of the mortgage-backed securities due to loan restructurings; and
- The decrease in market value adjustment of $29.2 million of the investment portfolio.

The decrease in total liabilities of $132.8 million in 2013 was attributable primarily to a decrease in bonds payable of $139.9 million due to calls resulting from the mortgage-backed securities prepayments described in the preceding paragraph. This decrease was offset by an increase in grant fund deferred revenues of $6.6 million related to the Hardest Hit Fund. Deferred grant fund revenues represent funds that have been received by the Corporation that have yet to be disbursed, as well as certain mortgage loans originated from federal grant funds. The Hardest Hit Fund is a program created by the U.S. Treasury to provide funding for state Housing Finance Authorities to develop locally-tailored foreclosure prevention solutions in areas that have been hit hard by high unemployment and home price declines.

Total operating revenues before fair value adjustments for fiscal year 2013 were $52.4 million compared to $62.3 million for fiscal year 2012. The decrease in operating revenues was attributable primarily to two factors:

- Decreased "flow-through" revenues of $5.6 million from the Corporation's management of federal grant programs; and
- A decrease in interest income of $4.4 million which resulted from an overall lower level of earning assets, as well as the effect of terminating certain guaranteed investment contracts in the mortgage revenue bond program.

Total operating expenses were $50.5 million in fiscal year 2013, down from $60.9 million in fiscal year 2012. The decrease in operating expenses was attributable primarily to two factors:

- Decreased "flow-through" expenses of $6.3 million from the Corporation's management of federal grant programs; and
- A decrease in interest expense of $4.3 million which resulted from a lower level of bonds payable.

As a result of the above factors, operating income before fair value adjustments was $1.9 million in 2013 compared to $1.4 million in 2012

Financial Highlights – 2012

- Total assets decreased $47.7 million or 5.3 percent
- Total liabilities decreased $57.1 million or 7.5 percent
- Cash and investments decreased $48.4 million or 5.7 percent
- Bonds payable decreased $51.3 million or 7.2 percent
- Notes payable decreased $3.9 million or 77.1 percent
- Total net position increased $9.4 million or 7.2 percent, including a $8.0 million increase in the fair value of investments
- Total operating revenues (excluding fair value adjustments) decreased $32.9 million or 34.5 percent
- Total operating expenses decreased $32.4 million or 34.7 percent
- Low income housing tax credit program revenues increased $0.1 million or 4.7 percent
- Interest income decreased $2.8 million or 7.3 percent
- Interest expense decreased $2.3 million or 6.9 percent
- Grant fund revenues decreased $28.7 million or 55.0 percent
- Grant fund expenses decreased $29.0 million or 55.9 percent
- Operating income (excluding fair value adjustments) decreased $0.5 million or 26.2 percent

The following table summarizes the changes in the Corporation's assets and liabilities that occurred during the fiscal year ended June 30, 2012:

				Change	
	2012		2011	Dollars	%
Cash and cash equivalents	$ 81,108,690		$ 111,304,981	$ (30,196,291)	-27.1%
Investments, at fair value	713,993,719		732,243,777	(18,250,058)	-2.5%
Mortgage loans, net	36,035,757		34,832,702	1,203,055	3.5%
Unamortized bond issuance costs	6,842,046		6,814,983	27,063	0.4%
Other assets	8,124,728		8,589,701	(464,973)	-5.4%
Total assets	$ 846,104,940		$ 893,786,144	$ (47,681,204)	-5.3%
Bonds payable, net	$ 658,075,027		$ 709,382,170	$ (51,307,143)	-7.2%
Notes payable	1,156,030		5,041,318	(3,885,288)	-77.1%
Low income housing tax credit program deferred revenues	19,917,417		19,688,538	228,879	1.2%
Grant fund deferred revenues	22,654,023		24,256,435	(1,602,412)	-6.6%
All other liabilities	4,395,371		4,915,043	(519,672)	-10.6%
Total liabilities	$ 706,197,868		$ 763,283,504	$ (57,085,636)	-7.5%
Excess of net investments in capital assets	$ 2,052,701		$ 2,209,035	$ (156,334)	-7.1 %
Restricted net position	98,398,682		88,873,566	9,525,116	10.7%
Unrestricted net position	39,455,689		39,420,039	35,650	0.1%
Total net position	$ 139,907,072		$ 130,502,640	$ 9,404,432	7.2%

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The following table summarizes the changes in the Corporation's operating revenues and expenses, before fair value adjustments, for the fiscal year ended June 30, 2012:

			Change	
	2012	**2011**	**Dollars**	**%**
Interest on cash and investments	$ 2,239,482	$ 2,398,409	$ (158,927)	-6.6%
Interest on mortgage-backed securities	32,545,225	35,157,581	(2,612,356)	-7.4%
Interest on mortgage loans	550,316	561,245	(10,929)	-1.9%
Low income housing tax credits	2,070,467	1,976,947	93,520	4.7%
Gain on sale of mortgage-backed securities	-	1,813,878	(1,813,878)	NM
Grant fund revenues	23,521,467	52,213,529	(28,692,062)	-55.0%
All other revenues	1,341,478	1,013,380	328,098	32.4%
Total operating revenues	62,268,435	95,134,969	(32,866,534)	-34.5%
Interest expense	30,530,033	32,786,186	(2,256,153)	-6.9%
Amortization of bond issuance costs	1,049,557	1,582,307	(532,750)	-33.7%
Mortgage revenue bond down payment assistance	-	1,060,624	(1,060,624)	NM
Salaries and benefits	3,769,294	3,546,144	223,150	6.3%
Grant fund expenses	22,891,133	51,887,513	(28,996,380)	-55.9%
All other expenses	2,634,715	2,382,775	251,940	10.6%
Total operating expenses	60,874,732	93,245,549	(32,370,817)	-34.7%
Operating income before fair value adjustments	$ 1,393,703	$ 1,889,420	$ (495,717)	-26.2%

The Corporation reported total assets of $846.1 million at June 30, 2012. This represented a decrease of $47.7 million compared to June 30, 2011. Total liabilities for the same period decreased $57.1 million while total net position increased $9.4 million.

Cash and cash equivalents decreased $30.2 million to $81.1 million at June 30, 2012 compared to June 30, 2011. The decrease was due primarily to bond principal repayments net of new issuance of bonds.

Investments decreased $18.3 million to $714.0 million at June 30, 2012 compared to June 30, 2011. The decrease was the result of two factors:

- Scheduled payments and prepayments of mortgage-backed securities in the mortgage revenue bond program as a result of homeowners refinancing their mortgages as well as loans being purchased out of the mortgage-backed securities due to loan restructurings; and
- The purchase of $66.2 million in mortgage-backed securities under the New Issue Bond Program ("NIBP"). NIBP is a federal program designed to provide housing finance agencies with financing to issue new mortgage revenue bonds at a competitive interest rate.

The decrease in total liabilities of $57.1 million in 2012 was attributable primarily to a decrease in bonds payable of $51.3 million due to calls resulting from the mortgage-backed securities prepayments described in the preceding paragraph.

Total operating revenues before fair value adjustments for fiscal year 2012 were $62.3 million compared to $95.1million for fiscal year 2011. The decrease in operating revenues was attributable primarily to two factors:

- Decreased "flow-through" revenues from the Corporation's management of federal grant programs; and
- A decrease in interest income of $2.8 million which resulted from an overall lower level of earning assets, as well as the effect of terminating certain guaranteed investment contracts in the mortgage revenue bond program.

Total operating expenses were $60.9 million in fiscal year 2012, down from $93.2 million in fiscal year 2011. The decrease in operating expenses was attributable primarily to three factors:

- Decreased "flow-through" expenses from the Corporation's management of federal grant programs;
- A decrease in interest expense of $2.3 million which resulted from a lower level of bonds payable; and
- A decrease in Mortgage Revenue Bond down payment assistance of $1.1 million which resulted from the Corporation's discontinuance of grants for bond loans.

As a result of the above factors, operating income before fair value adjustments was $1.4 million in 2012 compared to $1.9 million in 2011.

Debt Administration

The Corporation sells bonds to investors in order to raise capital. These bonds are marketable securities backed by mortgage loans on residential properties. The Corporation's bond issues require cash reserves along with mortgage insurance and other safeguards in addition to the mortgage on the property being financed, all of which gives the investor or bondholder additional assurance that the issuer, in this case the Corporation, will repay the bonds.

Economic Factors

The primary business activity of the Corporation is funding the purchase of single-family home mortgages. The Corporation's mortgage financing activities are sensitive to the level of interest rates, the spread between the rate available on the Corporation's loans and the rates available in the conventional mortgage markets and the availability of affordable housing. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Corporation to continue its mortgage financing activities.

Contact Information

This financial report is designed to provide a general overview of the Corporation's finances for all those with interest. Questions concerning any of the information contained in this report or requests for any additional information should be addressed to the Chief Financial Officer at Mississippi Home Corporation, 735 Riverside Drive, Jackson, Mississippi 39202 or via our website at www.mshomecorp.com.

MISSISSIPPI HOME CORPORATION
Combined Statements of Net Position
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents		
Cash	$ 3,105,433	$ 3,042,569
Restricted cash	5,408,791	27,987,827
Cash equivalents	1,546,690	4,417,505
Restricted cash equivalents	39,346,676	45,660,789
Total cash and cash equivalents	49,407,590	81,108,690
Accrued interest receivable	2,379,852	2,965,184
Total current assets	51,787,442	84,073,874
Noncurrent assets:		
Investments, at fair value	587,600,812	713,993,719
Mortgage loans receivable, net of allowance for loan losses (2013 - $2,458,826; 2012 - $2,524,354)	36,880,916	36,035,757
Unamortized bond issuance costs	5,524,347	6,842,046
Other assets	4,171,820	5,159,544
Total noncurrent assets	634,177,895	762,031,066
Total assets	$ 685,965,337	$ 846,104,940
LIABILITIES AND NET POSITION		
Current liabilities:		
Bonds payable, net	$ 4,850,401	$ 5,600,401
Notes payable	74,944	39,153
Accrued interest payable	1,732,752	2,468,059
Total current liabilities	6,658,097	8,107,613
Noncurrent liabilities:		
Bonds payable, net	513,350,144	652,474,626
Notes payable	1,818,780	1,116,877
Low income housing tax credit program deferred revenues	20,545,835	19,917,417
Grant fund deferred revenues	29,212,621	22,654,023
Other liabilities and accrued expenses	1,781,689	1,927,312
Total noncurrent liabilities	566,709,069	698,090,255
Total liabilities	$ 573,367,166	$ 706,197,868
Net position:		
Excess of net investments in capital assets	$ 2,054,363	$ 2,052,701
Restricted	70,099,592	98,398,682
Unrestricted	40,444,216	39,455,689
Total net position	$ 112,598,171	$ 139,907,072

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION

Combined Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Interest income:		
Cash and cash equivalents	$ 684,974	$ 625,972
Mortgage-backed securities	28,062,205	32,545,225
Other investments	1,583,600	1,613,510
Mortgage loans	561,949	550,316
Total interest income	30,892,728	35,335,023
Net (decrease) increase in fair value of investments	(29,243,130)	8,010,729
Low income housing tax credit program	2,454,550	2,070,467
Gain on sale of mortgage-backed securities	148,077	-
Grant fund revenues	17,896,937	23,521,467
Reservation fees	142,775	196,588
Other income	850,454	1,144,890
Total operating revenues	23,142,391	70,279,164
Operating expenses:		
Interest expense	26,228,428	30,530,033
Amortization of bond issuance costs	1,474,397	1,049,557
Salaries and related benefits	4,158,125	3,769,294
Grant fund expenses	16,584,144	22,891,133
Provision for mortgage loan losses	(52,667)	491,378
Other	2,058,865	2,143,337
Total operating expenses	50,451,292	60,874,732
Operating income (loss)	(27,308,901)	9,404,432
Net position, beginning of year	139,907,072	130,502,640
Net position, end of year	$ 112,598,171	$ 139,907,072

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION
Combined Statements of Cash Flows
For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Loan principal payments received	$ 3,242,172	$ 1,872,573
Loan interest payments received	550,757	542,353
Loan disbursements	(4,023,387)	(3,727,254)
Payments to employees	(4,132,690)	(3,750,821)
Grant funds expended	(16,584,144)	(22,891,133)
Payments to vendors	(1,311,849)	(2,025,246)
Fee income received	3,197,314	2,515,534
Grant funds received	24,156,857	21,919,055
Other income received	837,787	1,065,033
Net cash provided by (used in) operating activities	5,932,817	(4,479,906)
Cash flows from noncapital financing activities:		
Proceeds from issuance of bonds	38,070,000	30,288,239
Proceeds from issuance of notes	816,335	21,275,860
Principal repayment of bonds	(176,035,000)	(81,520,000)
Principal repayment of notes	(78,641)	(25,161,148)
Premium paid on bond redemptions	(1,196,638)	-
Reacquisition costs paid on bond refunding	(246,529)	-
Interest paid	(27,053,055)	(30,830,149)
Bond issuance costs paid	(533,688)	(1,076,620)
Net cash used in noncapital financing activities	(166,257,216)	(87,023,818)
Cash flows from capital and related financing activities:		
Property and equipment additions	(296,230)	(48,377)
Proceeds from sale of property and equipment	-	81,350
Net cash (used in) provided by capital and related financing activities	(296,230)	32,973
Cash flows from investing activities:		
Purchase of investments	(111,245,140)	(109,292,745)
Redemption of investments	209,564,917	135,348,611
Interest received on investments	30,599,752	35,218,594
Net cash provided by investing activities	128,919,529	61,274,460
Net decrease in cash and cash equivalents	(31,701,100)	(30,196,291)
Cash and cash equivalents, beginning of year	81,108,690	111,304,981
Cash and cash equivalents, end of year	$ 49,407,590	$ 81,108,690
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ (27,308,901)	$ 9,404,432
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Interest paid	27,053,055	30,830,149
Amortization of bond issuance costs	1,474,397	1,049,557
Amortization of bond premium	(89,323)	(75,382)
Amortization of investment premium	159,176	220,118
Net decrease (increase) in fair value of investments	29,243,130	(8,010,729)
Realized loss on investments	23,026	120,800
Gain on sale of mortgage-backed securities	(148,077)	-
Gain on sale of fixed assets	-	(70,285)
Interest received on investments	(30,599,752)	(35,218,594)
Changes in assets and liabilities:		
Increase in mortgage loans receivable, net	(845,159)	(1,203,055)
Decrease in accrued interest receivable	585,333	256,700
Decrease in other assets	79,825	109,585
Decrease in accrued interest payable	(735,307)	(228,028)
Increase in low income housing tax credit deferred revenues	628,418	227,879
Increase (decrease) in grant fund deferred revenues	6,558,598	(1,602,412)
Decrease in deferred gains	(46,818)	(53,200)
Decrease in other liabilities and accrued expenses	(98,804)	(237,441)
Total adjustments	33,241,718	(13,884,338)
Net cash provided by (used in) operating activities	$ 5,932,817	$ (4,479,906)

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Mississippi Home Corporation (the "Corporation"), formerly known as Mississippi Housing Finance Corporation, is a governmental instrumentality of the State of Mississippi (the "State") created under the Mississippi Home Corporation Act of 1989 (the "Act"). Pursuant to the Act, the Corporation is authorized and empowered, among other things, to issue bonds to provide monies for financing residential housing and provide other services in regard to housing for persons and families of low and moderate income in the State. Bonds and other obligations issued by the Corporation are not a debt or liability of the State, but are secured solely by assets of the individual mortgage purchase programs. The reporting entity includes the Corporation (the primary government entity) and the Mississippi Affordable Housing Development Program (see Note 7) for which the Corporation is accountable.

Members of the Board of Directors of the Corporation (the "Board") are appointed by the Governor and the Lieutenant Governor of the State. The appointed members serve six-year staggered terms and cannot be removed without cause. The Board controls the appointment of the Executive Director, who is responsible for the staffing of the Corporation. The State assumes no responsibility for the Corporation's day-to-day operations. The Board is solely responsible for reviewing, approving and revising the Corporation's budget. The State is not responsible for financing any Corporation deficit or operating deficiencies. The Corporation controls the use of surplus funds.

The significant accounting policies used by the Corporation in preparing and presenting its financial statements follow:

Accounting Method

The Corporation's accounts are organized as a separate set of self-balancing accounts that comprise the assets, liabilities, net position, revenues and expenses of the individual mortgage purchase programs, the Down Payment Assistance Program, the Mississippi Affordable Housing Development Program, the House Bill 530 Program and the General Corporate Fund (each of the programs are further described in the accompanying notes). The measurement focus is on determining operating income and capital maintenance.

The accompanying financial statements present the activities of the Mortgage Revenue Bond Program, the Down Payment Assistance Program, the Mississippi Affordable Housing Development Program, the House Bill 530 Program and the General Corporate Fund. Since the assets and net position of each program are generally restricted, aggregating the accounts of the separate programs does not indicate that the assets and net position are available in any manner other than that provided for in the bond resolutions or other agreements of the separate programs. All material inter-fund balances and transactions have been eliminated in the combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Net Position

The restricted net position in the individual mortgage programs is restricted pursuant to the Corporation's agreements with bondholders as determined in each bond resolution. The restricted net position of the Mississippi Affordable Housing Development Program is restricted in accordance with the Corporation's agreement with the State (see Note 7).

Classification of Revenues

The Corporation recognizes revenues as follows:

Interest income is calculated based on the individual interest-earning asset and recognized when earned.

Net increase (decrease) in fair value of investments represents the difference between the fair value and net book value of the investments.

Grant fund revenues represent the various state and federal funds received for the reimbursement of costs incurred. Certain federal and state grants are for the purchase of goods and services, and therefore are deemed to be exchange transactions. Accordingly, such grant revenues are recognized as goods are provided or services are rendered.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

Cash and cash equivalents include General Corporate Fund cash, General Corporate Fund investments with original maturities of less than three months at date of purchase and unrestricted cash in certain other funds.

Restricted cash consists of cash which is restricted as to its use and is held primarily by the Mississippi Affordable Housing Development Program, the House Bill 530 Program, the Mortgage Revenue Bond Program and the General Corporate Fund.

Restricted cash equivalents consist substantially of: proceeds from the sales of bonds pending the purchase of Government National Mortgage Association ("GNMA") mortgage-backed securities ("GNMA securities" or "GNMA certificates"), Federal National Mortgage Association mortgage-backed securities ("Fannie Mae Securities") and Federal Home Loan Corporation participation certificates (collectively, "Mortgage-Backed Securities"); proceeds from the issuance of notes payable; and principal and interest payments of the Mortgage-Backed Securities. These funds are primarily held in guaranteed investment contracts, U.S. Treasury Bills, and money market accounts. The indentures of the respective mortgage purchase programs stipulate that these funds may be used only for the acquisition of Mortgage-Backed Securities or the early redemption of the respective mortgage revenue program bonds outstanding. These instruments are considered cash equivalents because they have no stated maturity and are readily convertible to cash at the discretion of the Corporation.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Mortgage Loans Receivable, Mortgage-Backed Securities and Investments

A portion of the mortgage loans in the General Corporate Fund are secured by first liens on multi-family residential properties, while the remainder is secured by first liens on single family residential properties. Mortgage loans in the Down Payment Assistance Program are secured by second liens on single-family residential properties. A portion of the mortgage loans in the Mississippi Affordable Housing Development Program is secured by second liens on single family residential properties, while the remainder is secured by first liens on multi-family residential properties. Mortgage loans in the House Bill 530 Program are secured by first liens on single-family residential properties. Proceeds from bond issues are invested principally in Mortgage-Backed Securities, representing pools of mortgage loans originated under the respective programs.

Allowance for Losses on Mortgage Loans

Losses incurred on mortgage loans are charged to the allowance for losses on mortgage loans (the "allowance"). The allowance is established with a corresponding amount charged to expense when, in management's opinion, the realization of all or a portion of the loans or recovery on properties owned is doubtful. The allowance can be reduced when proceeds from loan payoffs exceed management's previous estimates.

In evaluating the allowance, management considers the age of the various loans, the relationship of the allowances to outstanding mortgage loans, collateral values, insurance claims and economic conditions.

Management believes that the allowance is adequate. While management uses available information to recognize losses on mortgage loans, future additions to the allowance may be necessary based on changes in economic conditions. The provision for mortgage loan losses totaled $(52,667) and $491,378 in 2013 and 2012, respectively.

Unamortized Bond Issuance Costs, Deferred Losses on Refunding, Discounts and Premiums

Costs related to the issuance of bonds are capitalized in the respective bond issues and amortized over the term of the bonds using the effective interest method. During the years ended June 30, 2013 and 2012, $533,688 and $1,076,620 of issuance costs were capitalized, respectively.

Deferred losses on refundings result from a difference between the acquisition price and the net carrying amount of the old debt and are amortized using the effective interest rate method over the shorter of the life of the old debt or the new debt. For the year ended June 30, 2013, $1,417,572 of refunding losses was deferred.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

In addition, discounts and premiums on the sale of bonds are deferred and amortized over the life of the bonds. Prepayments of principal are not anticipated in amortizing bond issuance costs, deferred losses on refundings, bond discounts or bond premiums.

Grant Fund Deferred Revenues

Certain mortgage loans were originated from federal grant funds awarded to the Corporation. Loan payments received by the Corporation are required to be expended pursuant to the underlying grant agreements and are recorded as grant fund deferred revenues until the earnings process is completed.

Grant fund deferred revenues also include funds received by the corporation from awarding agencies pending use for program and administrative expenses.

Reservation Fees

Reservation fees are those fees paid to the Corporation by mortgage lenders within the State to reserve their respective allocation of bond proceeds or down payment assistance money for the purpose of having the right to originate mortgage loans under the program. These reservation fees are recognized as income when received.

Income Taxes

As a tax-exempt, quasi-governmental organization created by legislative statute, the Corporation is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been included in the combined financial statements.

Fair Value of Financial Instruments

GASB ASC Section I50.105, defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Loans and bonds are valued at their carrying amounts, which approximate fair value, due to the structured financing characteristics of the Corporation's bond issues. Mortgage rates on loans originated, and subsequently securitized into Mortgage-Backed Securities from bond proceeds, are based directly on the bond rates established at the time of issuance. For bonds issued through June 30, 2013, Mortgage-Backed Securities are pledged under the applicable trust indenture. The Corporation is restricted under various trust indentures from selling Mortgage-Backed Securities at a value which would impair its ability to service the bonds to which those certificates are specifically pledged.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Use of Estimates

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

Recently-Issued Accounting Standards and Pronouncement

In March 2012, GASB issued Statement 65 that establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for annual reporting periods beginning on or after December 15, 2012 and should be applied retrospectively. The Corporation is currently evaluating the impact of adopting this standard.

In June 2012, GASB issued Statement 68 that establishes accounting and financial reporting standards that require cost-sharing defined benefit pensions to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. This statement also requires more extensive note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. This statement is effective for annual reporting periods beginning on or after June 15, 2014 and should be applied prospectively. The Corporation is currently evaluating the impact of adopting this standard.

Reclassification

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net position.

The Corporation adjusted its 2012 combined statement of cash flows to reflect $1,602,412 of fee income received previously reported as grant funds received. The restatement had no effect on net position at June 30, 2012 or the operating income for the year then ended as previously reported.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Cash Equivalents and Investments

The Corporation is authorized by Mississippi statute, subject to any agreement with bondholders or noteholders, to invest in the following:

- Direct obligations of or obligations guaranteed by the United States;
- Bonds, debentures, notes or other evidence of indebtedness issued by U.S. Government agencies;
- Direct and general obligations of the State;
- Repurchase agreements secured by collateral;
- Investment contracts or agreements with entities rated "A" or better by a nationally recognized rating agency; and
- Certificates of deposit or time deposits of qualified depositories and money market funds.

GASB ASC Section I50.105, requires that certain investments be reported at fair value in the financial statements, with unrealized gains or losses being reported in the earnings of the current period. Money market investments, guaranteed investment contracts and other highly liquid investments with no stated maturity are considered cash equivalents and are reported at amortized cost.

At June 30, 2013, the carrying amount of the Corporation's cash and cash equivalents was $49,407,590 and the bank balance was $49,605,172. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $49,605,172 bank balance, $8,694,442 was either insured by federal regulatory authorities or collateralized with securities held by the Corporation or by its agent in the Corporation's name. Of the remaining bank balance of $40,910,730, $7,197,178 was invested in U.S. Obligations related to the Hardest Hit Fund and $33,713,552 was uncollateralized balances primarily invested in money market accounts. The Hardest Hit Fund is a program created by the U.S. Treasury to provide funding for state Housing Finance Authorities to develop locally-tailored foreclosure prevention solutions in areas that have been hit hard by high unemployment and home price declines.

Similarly, at June 30, 2012, the carrying amount of the Corporation's cash and cash equivalents was $81,108,690 and the bank balance was $81,336,041. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $81,336,041 bank balance, $6,727,411 was either insured by federal regulatory authorities or collateralized with securities held by the Corporation or by its agent in the Corporation's name. Of the remaining bank balance of $74,608,630, $4,021,414 was invested in U.S. Treasury Bills related to the New Issue Bond Program and $70,587,216 was uncollateralized balances primarily invested in money market accounts.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

A summary of the estimated fair value and amortized cost of investments as of June 30, 2013 and 2012 follows:

	2013		2012	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
U. S. Government agency securities	$ 17,159,889	$ 17,346,029	$ 16,264,338	$ 15,943,032
Corporate debt securities	4,246,666	4,024,128	3,122,225	2,968,285
Municipal debt securities	5,051,461	5,236,312	4,339,061	4,303,803
Mortgage-backed securities	549,261,084	516,090,959	677,362,650	615,755,639
Collateralized mortgage obligations	6,022,838	6,064,968	6,740,865	6,584,728
Other asset-backed securities	377,553	377,603	436,967	450,351
Commercial agreements	5,481,321	5,481,180	5,727,613	5,732,756
	$ 587,600,812	$ 554,621,179	$ 713,993,719	$ 651,738,594

At June 30, 2013, the Corporation's securities had scheduled maturities as follows:

		Investment Maturities			
	Estimated Fair Value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
U. S. Government agency securities	$ 17,159,889	$ 1,833,521	$ 1,516,935	$ 12,906,038	$ 903,395
Corporate debt securities	4,246,666	283,943	3,653,057	309,666	—
Municipal debt securities	5,051,461	—	827,462	4,223,999	—
Mortgage-backed securities	549,261,084	4,607	1,566,138	1,294,364	546,395,975
Collateralized mortgage obligations	6,022,838	—	—	1,869,224	4,153,614
Other asset-backed securities	377,553	—	—	—	377,553
Commercial agreements	5,481,321	5,226,081	255,240	—	—
	$ 587,600,812	$ 7,348,152	$ 7,818,832	$ 20,603,291	$ 551,830,537

Interest Rate Risk

In general, the Corporation's investment strategy is designed to match the life of the asset with the maturity date of its related liability. With this strategy, investments would be expected to reach maturity with limited realized gains or losses. Most of the Corporation's investments are in mortgage-backed securities, which are subject to prepayment risk as market interest rates change.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

Credit Risk

Investments for each bond issue are those permitted by the various bond indentures and bond resolutions adopted by the Corporation. As of June 30, 2013, the Corporation's investments in certain Commercial Agreements, U.S. Government Obligations and Mortgage-Backed Securities were unrated. The Corporation's remaining investments are rated by Moody's Investor Service or Standard and Poor's as follows:

Investment Type	Rating	June 30, 2013 Balance
U.S. Government agency securities	Aaa	$ 16,256,494
Corporate debt securities	Aaa	460,881
Corporate debt securities	Aa	568,631
Corporate debt securities	A	1,304,131
Corporate debt securities	Baa	1,913,023
Municipal debt securities	Aa	4,845,700
Mortgage-backed securities	Aaa	7,552,478
Collateralized mortgage obligations	Aaa	6,022,838
Other asset-backed securities	Baa	11,427
Other asset-backed securities	Ba	264,255
Other asset-backed securities	Caa	13,864
Commercial agreements	Aaa	481,321
		$ 39,695,043

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Substantially all of the Corporation's investments are held in the Corporation's name by its trustee.

Concentration of Credit Risk

The Corporation's investment policy places no limits on the amount the Corporation may invest in any one issuer. As of June 30, 2013, the Corporation held GNMA investments with a fair value of $469,177,105 and FNMA investments with a fair value of $79,940,409, which represent approximately 94 percent of the Corporation's total investment holdings.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. Mortgage Loans Receivable

Mortgage loans receivable is comprised of real estate mortgage loans and real estate construction loans. Real estate mortgage loans are secured by personal residences and payable in periodic installments. As of June 30, 2013 and 2012, $10,429,507 and $9,728,467, respectively, of real estate mortgage loans were outstanding. Real estate construction loans are made for the purpose of real estate construction and land development. As of June 30, 2013 and 2012, $28,910,235 and $28,831,644, respectively, of real estate construction loans were outstanding.

All real estate securing the mortgage loans is located in the State.

Note 4. Bonds and Notes Payable

The following table summarizes the debt activity for the Corporation's bonds and notes payable:

	Mortgage Revenue Bonds, net	Notes Payable
Balance at June 30, 2011	$ 709,382,170	$ 5,041,318
Proceeds from issuance	30,288,239	21,275,860
Principal repayments	(81,520,000)	(25,161,148)
Premium amortization	(75,382)	—
Balance at June 30, 2012	658,075,027	1,156,030
Proceeds from issuance	38,070,000	816,335
Principal repayments	(176,035,000)	(78,641)
Deferred amount on refunding	(1,417,572)	—
Redeemed bond premium	(402,587)	—
Premium amortization	(89,323)	—
Balance at June 30, 2013	$ 518,200,545	$ 1,893,724

The Corporation has the option to redeem bonds after they have been outstanding for 10 years at initial prices ranging from 100 percent to 104 percent of par and subsequently at prices declining to par. Certain extraordinary redemptions, as governed by the bond resolutions, are permitted prior to the foregoing redemption dates.

On June 27, 2013, the Corporation issued $38.1 million of revenue refunding bonds. Of the $38.1 million, $26.8 million was used to current refund the outstanding 1995, 2001, 2002 and 2003 series revenue bonds, and $11.3 million was used to advance refund the outstanding 2004A, 2004B and 2004C series ("the 2004 series") revenue bonds. As a result of this transaction, the Corporation reduced the weighted average interest rate on the refunded bonds from approximately 5.80 percent to 2.75 percent, resulting in first-year debt service savings of approximately $1,160,000. The Corporation placed the net proceeds of the advance refunding

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

portion in an irrevocable trust to provide for all future debt service payments on the 2004 series revenue bonds. As a result, the 2004 series bonds are considered defeased, and the Corporation has removed the liability from the financial statements. The outstanding principal of the defeased bonds is $11,695,000 at June 30, 2013.

This transaction resulted in a loss on the refunding of the debt that, in accordance with GASB, will be deferred and amortized into interest expense over the life of the new debt. The deferred amount is computed as follows:

Proceeds required to refund old debt	$ 40,453,170
Less: net carrying value of old debt	(39,035,598)
Deferred amount on refunding of debt	$ 1,417,572

The deferred amount on refunding of debt is included in bonds payable in the Combined Statement of Net Position. (See the Bonds Description table for a description of the terms of the new debt.)

The bonds are secured, as described in the applicable bond resolution, by a pledge of the revenues, monies, investments, mortgage loans and other assets of the applicable programs. Management believes that, for the years ended June 30, 2013 and 2012, the Corporation has complied with all bond covenants.

Bonds and notes payable of the Corporation follow:

	June 30,	
Bonds Description	**2013**	**2012**
1995CD series bonds – 6.520 percent interest payable semi-annually, principal due through November 1, 2027	$ —	$ 615,000
1995J series bonds – 5.900 percent interest payable semi-annually, principal due through June 1, 2017	—	60,000
1995J series bonds – 6.125 percent interest payable semi-annually, principal due through June 1, 2027	—	800,000
2001A series bonds – 6.500 percent interest payable semi-annually, principal due through June 1, 2032	—	5,486,871
2001B series bonds – 6.375 percent, interest payable semi-annually, principal due through December 1, 2032	—	2,917,356
2001D series bonds – 6.250 percent interest payable semi-annually, principal due through December 1, 2032	—	3,763,216

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Bonds Description	June 30, 2013	June 30, 2012
2002A series bonds – 6.100 percent interest payable semi-annually, principal due through June 1, 2034	$ —	$ 5,129,389
2002B series bonds – 6.450 percent interest payable semi-annually, principal due through December 1, 2033	—	3,976,269
2002 lease purchase series bonds, interest at prime-rate plus 2.00 percent, 10.250 percent at June 30, 2007, principal due through October 1, 2007 (see Note 10)	600,401	600,401
2002C series bonds –5.800 percent, interest payable semi-annually, principal due through June 1, 2034	—	7,895,721
2003A series bonds – 4.250 percent to 6.350 percent, interest payable semi-annually, principal due through December 1, 2034	—	3,757,296
2004A series bonds – 4.850 percent to 5.000 percent, interest payable semi-annually, principal due through December 1, 2034	—	5,375,000
2004B series bonds – 5.000 percent to 5.700 percent, interest payable semi-annually, principal due through December 1, 2035	—	3,840,000
2004C series bonds – 4.600 percent to 5.950 percent, interest payable semi-annually, principal due through December 1, 2035	—	5,190,000
2004D series bonds – 4.350 percent to 4.850 percent, interest payable semi-annually, principal due through December 1, 2035	5,425,000	7,030,000
2005A series bonds – 3.850 percent to 6.500 percent, interest payable semi-annually, principal due through December 1, 2036	8,535,000	10,695,000
2005B series bonds – 4.000 percent to 5.500 percent, interest payable semi-annually, principal due through December 1, 2036	13,305,000	17,135,000
2005C series bonds – 4.880 percent, interest payable semi-annually, principal due through December 1, 2037	12,690,000	17,650,000
2006A series bonds – 4.650 percent to 4.750 percent, interest payable semi-annually, principal due through December 1, 2038	27,805,000	38,320,000
2006B series bonds – 4.850 percent to 4.900 percent, interest payable semi-annually, principal due through December 1, 2038	15,265,000	21,085,000
2006C series bonds – 4.800 percent to 4.900 percent, interest payable semi-annually, principal due through December 1, 2038	26,920,000	36,020,000
2006D series bonds – 5.000 percent, interest payable semi-annually, principal due through December 1, 2038	25,235,000	35,180,000

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Bonds Description	June 30, 2013	June 30, 2012
2006E series bonds – 4.500 percent, interest payable semi-annually, principal due through June 1, 2039	$ 8,215,000	$ 11,055,000
2007A series bonds – 3.850 percent to 5.500 percent, interest payable semi-annually, principal due through December 1, 2038	17,950,000	24,085,000
2007B series bonds – 3.850 percent to 5.375 percent, interest payable semi-annually, principal due through December 1, 2038	35,260,000	46,590,000
2007C series bonds – 3.850 percent to 5.600 percent, interest payable semi-annually, principal due through December 1, 2038	24,395,000	33,615,000
2007D series bonds – 4.150 percent to 6.100 percent, interest payable semi-annually, principal due through December 1, 2038	17,985,000	25,535,000
2007E series bonds – 4.100 percent to 5.850 percent, interest payable semi-annually, principal due through December 1, 2038	18,810,000	27,530,000
2008A series bonds – 3.150 percent to 5.625 percent, interest payable semi-annually, principal due through December 1, 2039	14,070,000	19,955,000
2008B series bonds – 3.800 percent to 6.750 percent, interest payable semi-annually, principal due through December 1, 2039	10,460,000	17,050,000
2009 Resolution:		
2009A series bonds – 2.250 percent to 5.400 percent, interest payable semi-annually, principal due through December 1, 2040	20,220,000	24,770,000
2013A series bonds – 2.750 percent, interest payable monthly, principal due through December 1, 2032	36,652,428	—
2009 NIBP Resolution:		
2009B-1 series bonds – 3.060 percent, interest payable semi-annually, principal due through December 1, 2041	42,710,000	48,060,000
2009B-2 series bonds – 2.320 percent, interest payable semi-annually, principal due through December 1, 2041	68,810,000	70,000,000
2010A series bonds – 1.150 percent to 4.550 percent, interest payable semi-annually, principal due through December 1, 2031	40,075,000	47,165,000
2011A series bonds – 0.850 percent to 4.500 percent, interest payable semi-annually, principal due through June 1, 2025	26,807,716	30,143,508
Total bonds payable, net	$ 518,200,545	$ 658,075,027

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Notes Payable Description	June 30, 2013	June 30, 2012
USDA Rural Development note, 1.000 percent, principal and interest payable annually, final maturity of May 5, 2038	$ 1,893,724	$ 1,156,030

A summary of debt service requirements through 2018 and in five-year increments thereafter is as follows:

Year Ending June 30,	Principal	Interest
2014	$ 4,925,345	$ 21,633,870
2015	3,820,000	21,551,642
2016	3,895,000	21,460,987
2017	3,890,000	21,356,490
2018	3,840,000	21,242,919

Five-Year Increments Ending June 30,	Principal	Interest
2019 – 2023	$ 20,605,000	$ 103,383,630
2024 – 2028	31,295,000	97,005,415
2029 – 2033	79,117,428	89,891,221
2034 – 2038	116,768,780	75,702,494
2039 – 2043	251,937,716	15,135,189

Note 5. Excess Earnings

For all of the Mortgage Revenue Bond issues, federal tax regulations limit the interest margin that the Corporation (as a tax-exempt entity) may earn. These regulations require that earnings on the investment of bond proceeds which exceed interest paid on the bonds by a predetermined amount (defined in the regulations and subject to certain adjustments) must be rebated or remitted to the Internal Revenue Service (the "IRS"). The Corporation determined that the rebate liability due to the IRS (recorded in other liabilities and accrued expenses) was approximately $-0- in 2013 and $450,000 in 2012, if the Corporation does not meet its spending requirement over the life of the issuances. The Corporation expects to meet the spending requirements on substantially all of the outstanding issues.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Mortgage Revenue Bond Program

The Corporation's Mortgage Revenue Bond Program provides loans to qualified borrowers for purchases of the borrower's primary residence. At the option of the Corporation, borrowers may also receive a three percent cash advance to be used for down payment assistance and allowable loan closing costs. To qualify, borrowers must meet county income limits, and their homes must meet purchase price limits, both set by Congress. These loans have 30-year terms, have market rates of interest, are secured by first mortgages on the residences, and are pooled into Mortgage-Backed Securities that are held in the respective bond issue's trust account. As the Mortgage-Backed Securities pay down, the Bond Trustee calls the bonds.

Note 7. Mississippi Affordable Housing Development Program

The Corporation is responsible for management of the Mississippi Affordable Housing Development Program, which is a blended component of the Corporation. The program was established by the State as a housing development revolving loan fund to provide resources for loans for the construction or repair of housing for persons or families of low to moderate income in the State using $1,997,952 in proceeds received from the Mississippi Development Authority in 1995 and $5,991,893 in proceeds obtained directly from the State in 1996. The Corporation is responsible for all aspects of the program, including developing lending criteria, establishing interest rates and loan approval, servicing and reporting. Principal, interest and late fee payments are required to be returned to the program for use in granting new loans. Costs incurred by the Corporation for administering the program are not reimbursed to the Corporation.

Note 8. Low Income Housing Tax Credit Program

The Corporation has been designated as the allocating agency for the Low Income Housing Tax Credit Program (the "Tax Credit Program"). The U.S. Congress created the Tax Credit Program in 1986 to encourage investment in the construction and rehabilitation of housing units for low income individuals and families. The Corporation has adopted a Low Income Housing Tax Credit Program Qualified Allocation Plan (the "Plan"), which provides for an application process, project evaluation selection criteria and compliance requirements. Receipts under the Tax Credit Program represent fees earned for administering the Tax Credit Program and are not restricted under the terms of the Plan or the Tax Credit Program. A portion of the fees received is deferred and recognized over the life of the program.

Note 9. Down Payment Assistance Program

The Corporation's Down Payment Assistance Program provides loans to qualified borrowers for down payments and allowable loan closing costs on purchases of the borrower's primary residence. The qualification requirements are generally the same as those of the respective

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. Continued

mortgage loan programs under which the primary mortgage loans are made. The down payment assistance loans generally have 10-year terms, have rates that are set by management, are secured by second mortgages on the residences, and the maximum principal amount is three percent of the primary mortgage loan.

Note 10. Lease Purchase Revenue Bond Program

During the year ended June 30, 2007, management elected to terminate the Corporation's Lease Purchase Revenue Bond Program after the bonds matured on October 1, 2007. At June 30, 2013 and 2012, $600,401 in bonds payable were outstanding under this program (see Note 4).

Note 11. Bond Defeasances

The Corporation defeases various bond issues by creating separate irrevocable trust funds. New debt is issued and the proceeds are used to purchase U.S. Government securities that are placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Corporation's combined statements of net position. The bonds that have been defeased totaled approximately $365,659,000 and $319,180,000 at June 30, 2013 and 2012, respectively.

Note 12. Defined Benefit Pension Plan

The Corporation contributes to the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. This information may be obtained by contacting PERS by mail at 429 Mississippi Street, Jackson, MS 39201 or by phone at 1-800-444-7377. PERS members are required to contribute 9.00 percent of their annual covered salary, and the Corporation is required to contribute at an actuarially determined rate. The current rate contributed by the Corporation is 14.26 percent of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State Legislature.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 12. Continued

The following table summarizes the Corporation's and Employees' contribution requirement:

For the year ended	Corporation	Employees	Total
June 30, 2011	$324,000	$243,000	$567,000
June 30, 2012	$357,000	$257,000	$614,000
June 30, 2013	$446,000	$280,000	$726,000

The Corporation's 60 participating employees are an insignificant portion of PERS' approximately 380,000 participants.

Note 13. Deferred Compensation Plan

The State offers its employees a multiple-employer, deferred compensation plan created in accordance with Internal Revenue Code Section 457. The term "employee" means any person, whether appointed, elected or under contract, providing services for the State, state agencies, counties, municipalities or other political subdivisions, for which compensation is paid. The Plan permits employees of the Corporation to defer a portion of their income until future years.

The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employer (without being restricted to the provisions of benefits under the plan), subject only to the claims of the general creditors of those entities which employ deferred compensation participants. Participants' rights under the plan are the same as those of general creditors in an amount equal to the fair market value of the deferred account for each participant. The Corporation believes that it has no liabilities with respect to the State's plan.

Note 14. Conduit Issues

The Corporation has issued certain conduit multi-family housing revenue bonds, the proceeds of which were made available to various developers for rental housing. As of June 30, 2013 and 2012, $193,773,478 and $186,561,067, respectively, of these bonds were outstanding. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers.

Loan and corresponding debt service payments are guaranteed by irrevocable direct-pay letters of credit. The faith and credit of the Corporation is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Corporation's financial statements.

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2013

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B Program
ASSETS										
Current assets:										
Cash and cash equivalents:										
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	—	—	—	—	—	—	—
Cash equivalents	—	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	644	1,151	479	352	209	—	—	—	—	—
Total cash and cash equivalents	644	1,151	479	352	209	—	—	—	—	—
Accrued interest receivable	6,004	7,336	—	—	—	—	—	—	—	—
Total current assets	6,648	8,487	479	352	209	—	—	—	—	—
Noncurrent assets:										
Investments, at fair value	1,028,979	1,395,364	—	—	—	—	—	—	—	—
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	—	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—	—
Total noncurrent assets	1,028,979	1,395,364	—	—	—	—	—	—	—	—
Total assets	$ 1,035,627	$ 1,403,851	$ 479	$ 352	$ 209	$ —	$ —	$ —	$ —	$ —
LIABILITIES AND NET POSITION										
Current liabilities:										
Bonds payable, net	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Notes payable	—	—	—	—	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—	—	—	—	—
Total current liabilities	—	—	—	—	—	—	—	—	—	—
Noncurrent liabilities:										
Bonds payable, net	—	—	—	—	—	—	—	—	—	—
Notes payable	—	—	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—	—
Grant fund deferred revenues	—	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	3,199	3,703	—	—	—	—	—	—	—	—
Total noncurrent liabilities	3,199	3,703	—	—	—	—	—	—	—	—
Total liabilities	$ 3,199	$ 3,703	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net position:										
Excess of net investments in capital assets	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted	1,032,428	1,400,148	479	352	209	—	—	—	—	—
Unrestricted	—	—	—	—	—	—	—	—	—	—
Total net position	$ 1,032,428	$ 1,400,148	$ 479	$ 352	$ 209	$ —	$ —	$ —	$ —	$ —

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2013

	2002C Program	2002 Lease Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program	2005B Program	2005C Program
ASSETS										
Current assets:										
Cash and cash equivalents:										
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	—	—	—	—	—	—	—
Cash equivalents	—	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	—	552,231	—	—	—	—	170,294	730,049	886,189	450,701
Total cash and cash equivalents	—	552,231	—	—	—	—	170,294	730,049	886,189	450,701
Accrued interest receivable	—	—	—	—	—	—	26,468	41,048	57,779	53,117
Total current assets	—	552,231	—	—	—	—	196,762	771,097	943,968	503,818
Noncurrent assets:										
Investments, at fair value	—	—	—	—	—	—	6,453,741	9,272,402	14,213,714	13,487,183
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	—	—	—	—	—	—	45,840	60,311	120,248	104,183
Other assets	—	—	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—	—
Total noncurrent assets	—	—	—	—	—	—	6,499,581	9,332,713	14,333,962	13,591,366
Total assets	$ —	$ 552,231	$ —	$ —	$ —	$ —	$ 6,696,343	$ 10,103,810	$ 15,277,930	$ 14,095,184
LIABILITIES AND NET POSITION										
Current liabilities:										
Bonds payable, net	$ —	$ 600,401	$ —	$ —	$ —	$ —	$ —	$ 215,000	$ 355,000	$ —
Notes payable	—	—	—	—	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—	21,201	36,062	52,374	51,606
Total current liabilities	—	600,401	—	—	—	—	21,201	251,062	407,374	51,606
Noncurrent liabilities:										
Bonds payable, net	—	—	—	—	—	—	5,425,000	8,320,000	12,950,000	12,690,000
Notes payable	—	—	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—	—
Grant fund deferred revenues	—	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	—	—	—	—	—	—	2,555	2,555	2,555	2,555
Total noncurrent liabilities	—	—	—	—	—	—	5,427,555	8,322,555	12,952,555	12,692,555
Total liabilities	$ —	$ 600,401	$ —	$ —	$ —	$ —	$ 5,448,756	$ 8,573,617	$ 13,359,929	$ 12,744,161
Net position:										
Excess of net investments in capital assets	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted	—	(48,170)	—	—	—	—	1,247,587	1,530,193	1,918,001	1,351,023
Unrestricted	—	—	—	—	—	—	—	—	—	—
Total net position	$ —	$ (48,170)	$ —	$ —	$ —	$ —	$ 1,247,587	$ 1,530,193	$ 1,918,001	$ 1,351,023

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2013

	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program
ASSETS									
Current assets:									
Cash and cash equivalents:									
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	—	—	—	—	—	—
Cash equivalents	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	2,400,780	1,069,132	1,557,836	1,639,631	469,525	1,374,909	5,422,968	2,052,665	2,130,826
Total cash and cash equivalents	2,400,780	1,069,132	1,557,836	1,639,631	469,525	1,374,909	5,422,968	2,052,665	2,130,826
Accrued interest receivable	108,686	61,471	115,413	111,014	33,102	75,542	157,641	104,173	82,693
Total current assets	2,509,466	1,130,603	1,673,249	1,750,645	502,627	1,450,451	5,580,609	2,156,838	2,213,519
Noncurrent assets:									
Investments, at fair value	28,060,540	15,696,681	28,306,400	26,380,527	8,551,265	18,488,034	37,545,647	25,016,196	18,409,989
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
Unamortized bond issuance costs	224,693	126,852	209,135	203,765	71,974	172,404	266,355	246,740	131,249
Other assets	3,798	—	3,674	3,448	—	—	4,789	3,319	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—
Total noncurrent assets	28,289,031	15,823,533	28,519,209	26,587,740	8,623,239	18,660,438	37,816,791	25,266,255	18,541,238
Total assets	$ 30,798,497	$ 16,954,136	$ 30,192,458	$ 28,338,385	$ 9,125,866	$ 20,110,889	$ 43,397,400	$ 27,423,093	$ 20,754,757
LIABILITIES AND NET POSITION									
Current liabilities:									
Bonds payable, net	$ —	$ —	$ —	$ —	$ —	$ 190,000	$ 180,000	$ 100,000	$ 75,000
Notes payable	—	—	—	—	—	—	—	—	—
Accrued interest payable	108,375	61,760	109,411	105,146	30,806	75,404	144,717	104,499	83,885
Total current liabilities	108,375	61,760	109,411	105,146	30,806	265,404	324,717	204,499	158,885
Noncurrent liabilities:									
Bonds payable, net	27,805,000	15,265,000	26,920,000	25,235,000	8,215,000	17,760,000	35,080,000	24,295,000	17,910,000
Notes payable	—	—	—	—	—	—	—	—	—
Low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	2,555	2,555	2,555	2,555	2,555	2,555	2,555	2,555	2,555
Total noncurrent liabilities	27,807,555	15,267,555	26,922,555	25,237,555	8,217,555	17,762,555	35,082,555	24,297,555	17,912,555
Total liabilities	$ 27,915,930	$ 15,329,315	$ 27,031,966	$ 25,342,701	$ 8,248,361	$ 18,027,959	$ 35,407,272	$ 24,502,054	$ 18,071,440
Net position:									
Excess of net investments in capital assets	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted	2,882,567	1,624,821	3,160,492	2,995,684	877,505	2,082,930	7,990,128	2,921,039	2,683,317
Unrestricted	—	—	—	—	—	—	—	—	—
Total net position	$ 2,882,567	$ 1,624,821	$ 3,160,492	$ 2,995,684	$ 877,505	$ 2,082,930	$ 7,990,128	$ 2,921,039	$ 2,683,317

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2013

	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
ASSETS					
Current assets:					
Cash and cash equivalents:					
Cash	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	—	—
Cash equivalents	—	—	—	—	—
Restricted cash equivalents	1,566,768	1,575,702	1,023,483	1,928,851	5,144,123
Total cash and cash equivalents	1,566,768	1,575,702	1,023,483	1,928,851	5,144,123
Accrued interest receivable	92,256	60,264	53,193	299,136	534,586
Total current assets	1,659,024	1,635,966	1,076,676	2,227,987	5,678,709
Noncurrent assets:					
Investments, at fair value	20,032,594	14,191,911	11,256,634	67,722,214	176,198,592
Mortgage loans receivable, net	—	—	—	—	—
Unamortized bond issuance costs	171,867	135,325	130,844	875,749	2,226,813
Other assets	2,613	—	—	7,550	22,865
Due (to) from other funds	—	—	—	—	—
Total noncurrent assets	20,207,074	14,327,236	11,387,478	68,605,513	178,448,270
Total assets	$ 21,866,098	$ 15,963,202	$ 12,464,154	$ 70,833,500	$ 184,126,979
LIABILITIES AND NET POSITION					
Current liabilities:					
Bonds payable, net	$ 50,000	$ 130,000	$ 210,000	$ 265,000	$ 2,480,000
Notes payable	—	—	—	—	—
Accrued interest payable	87,079	61,685	51,160	94,556	448,975
Total current liabilities	137,079	191,685	261,160	359,556	2,928,975
Noncurrent liabilities:					
Bonds payable, net	18,760,000	13,940,000	10,250,000	56,607,428	175,922,716
Notes payable	—	—	—	—	—
Low income housing tax credit program deferred revenues	—	—	—	—	—
Grant fund deferred revenues	—	—	—	—	—
Other liabilities and accrued expenses	2,555	2,555	2,555	42,083	20,379
Total noncurrent liabilities	18,762,555	13,942,555	10,252,555	56,649,511	175,943,095
Total liabilities	$ 18,899,634	$ 14,134,240	$ 10,513,715	$ 57,009,067	$ 178,872,070
Net position:					
Excess of net investments in capital assets	$ —	$ —	$ —	$ —	$ —
Restricted	2,966,464	1,828,962	1,950,439	13,824,433	5,254,909
Unrestricted	—	—	—	—	—
Total net position	$ 2,966,464	$ 1,828,962	$ 1,950,439	$ 13,824,433	$ 5,254,909

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2013

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents:						
Cash	$ —	$ —	$ 316,372	$ 2,789,061	$ —	$ 3,105,433
Restricted cash	—	1,116,931	—	2,846,435	1,445,425	5,408,791
Cash equivalents	—	—	—	1,546,690	—	1,546,690
Restricted cash equivalents	32,149,498	—	—	7,197,178	—	39,346,676
Total cash and cash equivalents	32,149,498	1,116,931	316,372	14,379,364	1,445,425	49,407,590
Accrued interest receivable	2,080,922	194	10,227	265,902	22,607	2,379,852
Total current assets	34,230,420	1,117,125	326,599	14,645,266	1,468,032	51,787,442
Noncurrent assets:						
Investments, at fair value	541,708,607	—	—	45,892,205	—	587,600,812
Mortgage loans receivable, net	—	46,496	2,024,597	29,160,242	5,649,581	36,880,916
Unamortized bond issuance costs	5,524,347	—	—	—	—	5,524,347
Other assets	52,056	—	—	2,867,333	1,252,431	4,171,820
Due (to) from other funds	—	41,615	—	(39,929)	(1,686)	—
Total noncurrent assets	547,285,010	88,111	2,024,597	77,879,851	6,900,326	634,177,895
Total assets	$ 581,515,430	$ 1,205,236	$ 2,351,196	$ 92,525,117	$ 8,368,358	$ 685,965,337
LIABILITIES AND NET POSITION						
Current liabilities:						
Bonds payable, net	$ 4,850,401	$ —	$ —	$ —	$ —	$ 4,850,401
Notes payable	—	—	—	74,944	—	74,944
Accrued interest payable	1,728,701	—	—	4,051	—	1,732,752
Total current liabilities	6,579,102	—	—	78,995	—	6,658,097
Noncurrent liabilities:						
Bonds payable, net	513,350,144	—	—	—	—	513,350,144
Notes payable	—	—	—	1,818,780	—	1,818,780
Low income housing	—					
tax credit program deferred revenues	—	—	—	20,545,835	—	20,545,835
Grant fund deferred revenues	—	—	—	29,212,621	—	29,212,621
Other liabilities and accrued expenses	110,244	947,962	—	721,503	1,980	1,781,689
Total noncurrent liabilities	513,460,388	947,962	—	52,298,739	1,980	566,709,069
Total liabilities	$ 520,039,490	$ 947,962	$ —	$ 52,377,734	$ 1,980	$ 573,367,166
Net position:						
Excess of net investments in capital assets	$ —	$ —	$ —	$ 2,054,363	$ —	$ 2,054,363
Restricted	61,475,940	257,274	—	—	8,366,378	70,099,592
Unrestricted	—	—	2,351,196	38,093,020	—	40,444,216
Total net position	$ 61,475,940	$ 257,274	$ 2,351,196	$ 40,147,383	$ 8,366,378	$ 112,598,171

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B Program
Operating revenues:										
Interest income:										
Cash and cash equivalents	$ 8	$ 355	$ —	$ —	$ —	$ 24,698	$ 1,319	$ 11,802	$ 9,557	$ 7,338
Mortgage-backed securities	71,267	82,260	—	—	—	370,182	157,454	230,445	277,604	220,823
Other investments	—	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Total interest income	71,275	82,615	—	—	—	394,880	158,773	242,247	287,161	228,161
Net increase (decrease) in fair value of investments	(70,580)	(10,353)	—	—	—	(219,459)	(135,743)	(123,717)	(166,255)	(153,091)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—	—
Total operating revenues	695	72,262	—	—	—	175,421	23,030	118,530	120,906	75,070
Operating expenses:										
Interest expense	31,024	47,888	—	—	—	314,600	141,559	204,982	277,874	208,156
Amortization of bond issuance costs	1,987	1,417	—	—	—	11,436	11,466	7,999	9,263	11,783
Salaries and related benefits	—	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—	—	—	—	—	—
Other	5,555	5,055	—	—	—	5,555	5,055	5,055	5,555	4,555
Total operating expenses	38,566	54,360	—	—	—	331,591	158,080	218,036	292,692	224,494
Operating income (loss)	(37,871)	17,902	—	—	—	(156,170)	(135,050)	(99,506)	(171,786)	(149,424)
Transfers in (out)	280,217	577,252	(84)	(31)	(24)	(2,022,178)	(556,001)	(1,139,438)	(548,749)	(671,836)
Net position, beginning of year	790,082	804,994	563	383	233	2,178,348	691,051	1,238,944	720,535	821,260
Net position, end of year	$ 1,032,428	$ 1,400,148	$ 479	$ 352	$ 209	$ —	$ —	$ —	$ —	$ —

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	2002C Program	2002 Lease Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program	2005B Program	2005C Program
Operating revenues:										
Interest income:										
Cash and cash equivalents	$ 14,510	$ 449,668	$ 6,864	$ 8,278	$ 7,262	$ 27	$ 35	$ 25,024	$ 92	$ 95
Mortgage-backed securities	403,372	—	193,347	300,042	193,585	268,329	343,620	532,491	798,663	732,617
Other investments	—	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Total interest income	417,882	449,668	200,211	308,320	200,847	268,356	343,655	557,515	798,755	732,712
Net increase (decrease) in fair value of investments	(290,582)	—	(150,568)	(115,108)	(117,465)	(234,153)	(290,449)	(432,294)	(710,123)	(765,172)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—	—
Total operating revenues	127,300	449,668	49,643	193,212	83,382	34,203	53,206	125,221	88,632	(32,460)
Operating expenses:										
Interest expense	403,961	—	179,039	253,191	186,411	240,927	296,323	490,851	737,450	738,263
Amortization of bond issuance costs	19,534	—	7,918	7,042	8,670	13,385	17,829	25,270	41,062	46,656
Salaries and related benefits	—	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—	—	—	—	—	—
Other	5,142	—	5,055	5,555	5,055	5,555	4,564	4,999	5,862	6,054
Total operating expenses	428,637	—	192,012	265,788	200,136	259,867	318,716	521,120	784,374	790,973
Operating income (loss)	(301,337)	449,668	(142,369)	(72,576)	(116,754)	(225,664)	(265,510)	(395,899)	(695,742)	(823,433)
Transfers in (out)	(901,570)	—	(471,401)	(1,460,046)	(691,440)	(898,728)	(19,011)	(8,292)	(29,462)	(27,776)
Net position, beginning of year	1,202,907	(497,838)	613,770	1,532,622	808,194	1,124,392	1,532,108	1,934,384	2,643,205	2,202,232
Net position, end of year	$ —	$ (48,170)	$ —	$ —	$ —	$ —	$ 1,247,587	$ 1,530,193	$ 1,918,001	$ 1,351,023

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program
Operating revenues:									
Interest income:									
Cash and cash equivalents	$ 225	$ 110	$ 183	$ 183	$ 61	$ 154	$ 483	$ 223	$ 7,849
Mortgage-backed securities	1,562,546	879,394	1,618,942	1,584,548	457,048	1,058,984	2,210,961	1,477,112	1,216,036
Other investments	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—
Total interest income	1,562,771	879,504	1,619,125	1,584,731	457,109	1,059,138	2,211,444	1,477,335	1,223,885
Net increase (decrease) in fair value of investments	(1,848,986)	(888,339)	(1,400,657)	(1,429,733)	(373,490)	(842,809)	(1,507,950)	(1,205,704)	(1,038,255)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—
Reservation fees	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—
Total operating revenues	(286,215)	(8,835)	218,468	154,998	83,619	216,329	703,494	271,631	185,630
Operating expenses:									
Interest expense	1,551,054	886,390	1,551,722	1,516,229	430,837	1,058,107	2,009,987	1,479,102	1,217,778
Amortization of bond issuance costs	97,328	55,380	84,704	90,581	27,427	64,676	92,740	99,968	56,751
Salaries and related benefits	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—	—	—	—	—
Other	14,985	11,927	14,199	13,873	6,626	13,273	17,420	13,571	13,591
Total operating expenses	1,663,367	953,697	1,650,625	1,620,683	464,890	1,136,056	2,120,147	1,592,641	1,288,120
Operating income (loss)	(1,949,582)	(962,532)	(1,432,157)	(1,465,685)	(381,271)	(919,727)	(1,416,653)	(1,321,010)	(1,102,490)
Transfers in (out)	(78,822)	(41,802)	(127,437)	(133,771)	(43,789)	(58,970)	(146,709)	(82,434)	(61,054)
Net position, beginning of year	4,910,971	2,629,155	4,720,086	4,595,140	1,302,565	3,061,627	9,553,490	4,324,483	3,846,861
Net position, end of year	$ 2,882,567	$ 1,624,821	$ 3,160,492	$ 2,995,684	$ 877,505	$ 2,082,930	$ 7,990,128	$ 2,921,039	$ 2,683,317

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Operating revenues:					
Interest income:					
Cash and cash equivalents	$ 203	$ 139	$ 172	$ 165	$ 102,380
Mortgage-backed securities	1,325,020	855,131	781,627	1,341,687	6,517,068
Other investments	—	—	—	—	—
Mortgage loans	—	—	—	—	—
Total interest income	1,325,223	855,270	781,799	1,341,852	6,619,448
Net increase (decrease) in fair value of investments	(1,234,153)	(812,213)	(939,772)	(790,622)	(9,911,587)
Low income housing tax credit program	—	—	—	—	—
Gain on sale of mortgage-backed securities	—	—	—	—	—
Grant fund revenues	—	—	—	—	—
Reservation fees	—	—	—	—	—
Other income	—	—	—	—	—
Total operating revenues	91,070	43,057	(157,973)	551,230	(3,292,139)
Operating expenses:					
Interest expense	1,278,627	862,363	797,211	1,144,126	5,677,247
Amortization of bond issuance costs	86,617	64,200	88,177	99,183	223,948
Salaries and related benefits	—	—	—	—	—
Grant fund expenses	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—
Other	11,614	11,336	7,844	13,411	78,890
Total operating expenses	1,376,858	937,899	893,232	1,256,720	5,980,085
Operating income (loss)	(1,285,788)	(894,842)	(1,051,205)	(705,490)	(9,272,224)
Transfers in (out)	(77,024)	(15,275)	(23,342)	9,665,240	(1,050,876)
Net position, beginning of year	4,329,276	2,739,079	3,024,986	4,864,683	15,578,009
Net position, end of year	$ 2,966,464	$ 1,828,962	$ 1,950,439	$ 13,824,433	$ 5,254,909

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Operating revenues:						
Interest income:						
Cash and cash equivalents	$ 679,462	$ —	$ 264	$ 4,562	$ 686	$ 684,974
Mortgage-backed securities	28,062,205	—	—	—	—	28,062,205
Other investments	—	—	—	1,583,600	—	1,583,600
Mortgage loans	—	3,825	112,231	182,674	263,219	561,949
Total interest income	28,741,667	3,825	112,495	1,770,836	263,905	30,892,728
Net increase (decrease) in fair value of investments	(28,209,382)	—	—	(1,033,748)	—	(29,243,130)
Low income housing tax credit program	—	—	—	2,454,550	—	2,454,550
Gain on sale of mortgage-backed securities	—	—	—	148,077	—	148,077
Grant fund revenues	—	—	—	17,896,937	—	17,896,937
Reservation fees	—	—	—	142,775	—	142,775
Other income	—	—	6,274	832,277	11,903	850,454
Total operating revenues	532,285	3,825	118,769	22,211,704	275,808	23,142,391
Operating expenses:						
Interest expense	26,213,279	—	—	15,149	—	26,228,428
Amortization of bond issuance costs	1,474,397	—	—	—	—	1,474,397
Salaries and related benefits	—	—	—	4,158,125	—	4,158,125
Grant fund expenses	—	—	—	16,584,144	—	16,584,144
Provision for mortgage loan losses	—	(4,140)	73,082	(306,883)	185,274	(52,667)
Other	326,786	3,042	11,618	1,659,488	57,931	2,058,865
Total operating expenses	28,014,462	(1,098)	84,700	22,110,023	243,205	50,451,292
Operating income (loss)	(27,482,177)	4,923	34,069	101,681	32,603	(27,308,901)
Transfers in (out)	(864,663)	5,112	5,112	849,327	5,112	—
Net position, beginning of year	89,822,780	247,239	2,312,015	39,196,375	8,328,663	139,907,072
Net position, end of year	$ 61,475,940	$ 257,274	$ 2,351,196	$ 40,147,383	$ 8,366,378	$ 112,598,171

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B Program
Cash flows from operating activities:										
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—	—
Payments to vendors	(14,530)	(20,474)	—	—	—	(8,112)	(7,612)	(7,612)	(8,112)	(8,112)
Fee income received	—	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(14,530)	(20,474)	—	—	—	(8,112)	(7,612)	(7,612)	(8,112)	(8,112)
Cash flows from noncapital financing activities:										
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	(615,000)	(860,000)	—	—	—	(5,325,000)	(2,835,000)	(3,715,000)	(5,075,000)	(3,935,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—	—
Premium paid on bond redemptions	—	—	—	—	—	(212,500)	(106,975)	(171,050)	(198,900)	(156,188)
Reacquisition costs paid on bond refunding	1,994	3,779	—	—	—	107,124	55,967	163,616	198,954	155,685
Interest paid	(37,707)	(52,267)	—	—	—	(353,004)	(166,175)	(233,203)	(311,405)	(239,214)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(650,713)	(908,488)	—	—	—	(5,783,380)	(3,052,183)	(3,955,637)	(5,386,351)	(4,174,717)
Cash flows from capital and related financing activities:										
Property and equipment additions	—	—	—	—	—	—	—	—	—	—
Proceeds on sale of property and equipment	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:										
Purchase of investments	—	—	—	—	—	—	—	—	—	—
Redemption of investments	195,049	171,932	—	—	—	7,015,898	3,278,785	4,470,655	5,481,174	4,365,350
Interest received on investments	80,902	98,020	—	—	—	429,787	174,749	264,194	313,115	250,454
Net cash provided by (used in) investing activities	275,951	269,952	—	—	—	7,445,685	3,453,534	4,734,849	5,794,289	4,615,804
Transfers	280,217	577,252	(84)	(31)	(24)	(2,022,178)	(556,001)	(1,139,438)	(548,749)	(671,836)
Net increase (decrease) in cash and cash equivalents	(109,075)	(81,758)	(84)	(31)	(24)	(367,985)	(162,262)	(367,838)	(148,923)	(238,861)
Cash and cash equivalents, beginning of year	109,719	82,909	563	383	233	367,985	162,262	367,838	148,923	238,861
Cash and cash equivalents, end of year	$ 644	$ 1,151	$ 479	$ 352	$ 209	$ —	$ —	$ —	$ —	$ —

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	2002C Program	2002 Lease Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program	2005B Program	2005C Program
Cash flows from operating activities:										
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—	—
Payments to vendors	(7,698)	—	(7,612)	(8,112)	(7,612)	(8,112)	(4,566)	(5,001)	(5,864)	(6,056)
Fee income received	—	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(7,698)	—	(7,612)	(8,112)	(7,612)	(8,112)	(4,566)	(5,001)	(5,864)	(6,056)
Cash flows from noncapital financing activities:										
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	(7,840,000)	—	(3,730,000)	(5,375,000)	(3,840,000)	(5,190,000)	(1,605,000)	(2,160,000)	(3,830,000)	(4,960,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—	—
Premium paid on bond redemptions	(346,225)	—	(4,800)	—	—	—	—	—	—	—
Reacquisition costs paid on bond refunding	374,923	—	5,691	46,187	24,948	32,174	—	—	—	—
Interest paid	(458,127)	—	(203,172)	(275,184)	(203,553)	(263,500)	(302,600)	(500,823)	(753,614)	(758,433)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(8,269,429)	—	(3,932,281)	(5,603,997)	(4,018,605)	(5,421,326)	(1,907,600)	(2,660,823)	(4,583,614)	(5,718,433)
Cash flows from capital and related financing activities:										
Property and equipment additions	—	—	—	—	—	—	—	—	—	—
Proceeds on sale of property and equipment	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:										
Purchase of investments	—	—	—	—	—	—	—	—	—	—
Redemption of investments	8,399,538	—	4,114,834	6,632,660	4,429,526	5,948,263	1,530,230	2,195,982	4,169,884	4,947,107
Interest received on investments	455,838	56	219,197	347,952	228,225	294,567	361,513	567,683	817,104	753,948
Net cash provided by (used in) investing activities	8,855,376	56	4,334,031	6,980,612	4,657,751	6,242,830	1,891,743	2,763,665	4,986,988	5,701,055
Transfers	(901,570)	—	(471,401)	(1,460,046)	(691,440)	(898,728)	(19,011)	(8,292)	(29,462)	(27,776)
Net increase (decrease) in cash and cash equivalents	(323,321)	56	(77,263)	(91,543)	(59,906)	(85,336)	(39,434)	89,549	368,048	(51,210)
Cash and cash equivalents, beginning of year	323,321	552,175	77,263	91,543	59,906	85,336	209,728	640,500	518,141	501,911
Cash and cash equivalents, end of year	$ —	$ 552,231	$ —	$ —	$ —	$ —	$ 170,294	$ 730,049	$ 886,189	$ 450,701

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program
Cash flows from operating activities:									
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—
Payments to vendors	(13,742)	(9,213)	(13,265)	(12,822)	(6,628)	(10,079)	(16,130)	(12,428)	(11,347)
Fee income received	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—		—	—	—
Net cash provided by (used in) operating activities	(13,742)	(9,213)	(13,265)	(12,822)	(6,628)	(10,079)	(16,130)	(12,428)	(11,347)
Cash flows from noncapital financing activities:									
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—
Proceeds from issuance of notes	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	(10,515,000)	(5,820,000)	(9,100,000)	(9,945,000)	(2,840,000)	(6,135,000)	(11,330,000)	(9,220,000)	(7,550,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—
Premium paid on bond redemptions	—	—	—	—	—	—	—	—	—
Reacquisition costs paid on bond refunding	—	—	—	—	—	—	—	—	—
Interest paid	(1,592,038)	(909,936)	(1,588,678)	(1,557,667)	(441,487)	(1,083,240)	(2,055,322)	(1,517,595)	(1,251,496)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(12,107,038)	(6,729,936)	(10,688,678)	(11,502,667)	(3,281,487)	(7,218,240)	(13,385,322)	(10,737,595)	(8,801,496)
Cash flows from capital and related financing activities:									
Property and equipment additions	—	—	—	—	—	—	—	—	—
Proceeds on sale of property and equipment	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:									
Purchase of investments	—	—	—	—	—	—	—	—	—
Redemption of investments	11,343,491	6,206,785	9,398,500	10,297,404	2,601,858	5,927,679	11,445,009	8,789,693	7,589,770
Interest received on investments	1,609,969	905,949	1,660,732	1,631,842	468,015	1,085,445	2,261,877	1,517,035	1,267,534
Net cash provided by (used in) investing activities	12,953,460	7,112,734	11,059,232	11,929,246	3,069,873	7,013,124	13,706,886	10,306,728	8,857,304
Transfers	(78,822)	(41,802)	(127,437)	(133,771)	(43,789)	(58,970)	(146,709)	(82,434)	(61,054)
Net increase (decrease) in cash and cash equivalents	753,858	331,783	229,852	279,986	(262,031)	(274,165)	158,725	(525,729)	(16,593)
Cash and cash equivalents, beginning of year	1,646,922	737,349	1,327,984	1,359,645	731,556	1,649,074	5,264,243	2,578,394	2,147,419
Cash and cash equivalents, end of year	$ 2,400,780	$ 1,069,132	$ 1,557,836	$ 1,639,631	$ 469,525	$ 1,374,909	$ 5,422,968	$ 2,052,665	$ 2,130,826

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Cash flows from operating activities:					
Loan principal payments received	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—
Loan disbursements	—	—	—	—	—
Payments to employees	—	—	—	—	—
Grant funds expended	—	—	—	—	—
Payments to vendors	(10,642)	(8,647)	(7,846)	21,749	(77,371)
Fee income received	—	—	—	—	—
Grant funds received	—	—	—	—	—
Other income received	—	—	—	—	—
Net cash provided by (used in) operating activities	(10,642)	(8,647)	(7,846)	21,749	(77,371)
Cash flows from noncapital financing activities:					
Proceeds from issuance of bonds	—	—	—	38,070,000	—
Proceeds from issuance of notes	—	—	—	—	—
Principal repayment of bonds	(8,720,000)	(5,885,000)	(6,590,000)	(4,550,000)	(16,945,000)
Principal repayment of notes	—	—	—	—	—
Premium paid on bond redemptions	—	—	—	—	—
Reacquisition costs paid on bond refunding	—	—	—	(1,417,571)	—
Interest paid	(1,319,020)	(887,920)	(828,839)	(1,150,458)	(5,742,989)
Bond issuance costs paid	—	—	—	(533,688)	—
Due (from) to other programs	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(10,039,020)	(6,772,920)	(7,418,839)	30,418,283	(22,687,989)
Cash flows from capital and related financing activities:					
Property and equipment additions	—	—	—	—	—
Proceeds on sale of property and equipment	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—
Cash flows from investing activities:					
Purchase of investments	—	—	—	(44,932,082)	(37,394,941)
Redemption of investments	8,001,972	5,777,593	6,532,484	4,779,543	18,133,535
Interest received on investments	1,365,871	881,830	815,662	1,163,073	6,626,618
Net cash provided by (used in) investing activities	9,367,843	6,659,423	7,348,146	(38,989,466)	(12,634,788)
Transfers	(77,024)	(15,275)	(23,342)	9,665,240	(1,050,876)
Net increase (decrease) in cash and cash equivalents	(758,843)	(137,419)	(101,881)	1,115,806	(36,451,024)
Cash and cash equivalents, beginning of year	2,325,611	1,713,121	1,125,364	813,045	41,595,147
Cash and cash equivalents, end of year	$ 1,566,768	$ 1,575,702	$ 1,023,483	$ 1,928,851	$ 5,144,123

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Cash flows from operating activities:						
Loan principal payments received	$ —	$ 238,534	$ 346,771	$ 981,278	$ 1,675,589	$ 3,242,172
Loan interest payments received	—	4,042	111,929	172,760	262,026	550,757
Loan disbursements	—	(204,031)	(593,431)	(849,072)	(2,376,853)	(4,023,387)
Payments to employees	—	—	—	(4,132,690)	—	(4,132,690)
Grant funds expended		—	—	(16,584,144)	—	(16,584,144)
Payments to vendors	(323,608)	216,437	(16,275)	(1,123,717)	(64,686)	(1,311,849)
Fee income received	—	—	6,274	3,179,138	11,902	3,197,314
Grant funds received		—	—	24,156,857	—	24,156,857
Other income received	—	—	264	836,839	684	837,787
Net cash provided by (used in) operating activities	(323,608)	254,982	(144,468)	6,637,249	(491,338)	5,932,817
Cash flows from noncapital financing activities:						
Proceeds from issuance of bonds	38,070,000	—	—	—	—	38,070,000
Proceeds from issuance of notes	—	—	—	816,335	—	816,335
Principal repayment of bonds	(176,035,000)	—	—	—	—	(176,035,000)
Principal repayment of notes	—	—	—	(78,641)	—	(78,641)
Premium paid on bond redemptions	(1,196,638)	—	—	—	—	(1,196,638)
Reacquisition costs paid on bond refunding	(246,529)	—	—	—	—	(246,529)
Interest paid	(27,038,666)	—	—	(14,389)	—	(27,053,055)
Bond issuance costs paid	(533,688)	—	—	—	—	(533,688)
Due (from) to other programs	—	566	—	(1,978)	1,412	—
Net cash provided by (used in) noncapital financing activities	(166,980,521)	566	—	721,327	1,412	(166,257,216)
Cash flows from capital and related financing activities:						
Property and equipment additions	—	—	—	(296,230)	—	(296,230)
Proceeds on sale of property and equipment	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	(296,230)	—	(296,230)
Cash flows from investing activities:						
Purchase of investments	(82,327,023)	—	—	(27,772,246)	(1,145,871)	(111,245,140)
Redemption of investments	184,172,183	—	—	23,042,734	2,350,000	209,564,917
Interest received on investments	28,918,756	—	—	1,680,996	—	30,599,752
Net cash provided by (used in) investing activities	130,763,916	—	—	(3,048,516)	1,204,129	128,919,529
Transfers	(864,663)	5,112	5,112	849,327	5,112	—
Net increase (decrease) in cash and cash equivalents	(37,404,876)	260,660	(139,356)	4,863,157	719,315	(31,701,100)
Cash and cash equivalents, beginning of year	69,554,374	856,271	455,728	9,516,207	726,110	81,108,690
Cash and cash equivalents, end of year	$ 32,149,498	$ 1,116,931	$ 316,372	$ 14,379,364	$ 1,445,425	$ 49,407,590

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2001A Program	2001B Program	2001D Program	2002A Program	2002B Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	$ (37,871)	$ 17,902	$ —	$ —	$ —	$ (156,170)	$ (135,050)	$ (99,506)	$ (171,786)	$ (149,424)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Interest paid	37,707	52,267	—	—	—	353,004	166,175	233,203	311,405	239,214
Amortization of bond issuance costs	1,987	1,417	—	—	—	11,436	11,466	7,999	9,263	11,783
Amortization of bond discount (premium)	—	—	—	—	—	(9,561)	(9,555)	(8,872)	(7,734)	(9,908)
Amortization of investment (discount) premium	—	—	—	—	—	—	—	—	—	—
Net (increase) decrease in fair value of investments	70,580	10,353	—	—	—	219,459	135,743	123,717	166,255	153,091
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—	—
Gain on MBS Sales	—	—	—	—	—	—	—	—	—	—
Interest received on investments	(80,902)	(98,020)	—	—	—	(429,787)	(174,749)	(264,194)	(313,115)	(250,454)
Changes in assets and liabilities:										
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	1,268	1,097	—	—	—	34,907	15,976	21,947	25,955	22,294
(Increase) decrease in other assets	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	(6,683)	(4,379)	—	—	—	(28,843)	(15,061)	(19,349)	(25,798)	(21,151)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund deferred revenues	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	(616)	(1,111)	—	—	—	(2,557)	(2,557)	(2,557)	(2,557)	(3,557)
Total adjustments	23,341	(38,376)	—	—	—	148,058	127,438	91,894	163,674	141,312
Net cash provided by (used in) operating activities	$ (14,530)	$ (20,474)	$ —	$ —	$ —	$ (8,112)	$ (7,612)	$ (7,612)	$ (8,112)	$ (8,112)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	2002C Program	2002 Lease Purchase Program	2003A Program	2004A Program	2004B Program	2004C Program	2004D Program	2005A Program	2005B Program	2005C Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	$ (301,337)	$ 449,668	$ (142,369)	$ (72,576)	$ (116,754)	$ (225,664)	$ (265,510)	$ (395,899)	$ (695,742)	$ (823,433)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Interest paid	458,127	—	203,172	275,184	203,553	263,500	302,600	500,823	753,614	758,433
Amortization of bond issuance costs	19,534	—	7,918	7,042	8,670	13,385	17,829	25,270	41,062	46,656
Amortization of bond discount (premium)	(16,273)	—	(6,629)	—	—	—	—	—	—	—
Amortization of investment (discount) premium	—	—	—	11,654	7,795	—	10,969	—	—	—
Net (increase) decrease in fair value of investments	290,582	—	150,568	115,108	117,465	234,153	290,449	432,294	710,123	765,172
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—	—
Gain on MBS Sales	—	—	—	—	—	—	—	—	—	—
Interest received on investments	(455,838)	(56)	(219,197)	(347,952)	(228,225)	(294,567)	(361,513)	(567,683)	(817,104)	(753,948)
Changes in assets and liabilities:										
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	37,957	—	18,986	27,978	19,583	26,210	6,889	10,168	18,349	21,237
(Increase) decrease in other assets	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	(37,893)		(17,504)	(21,993)	(17,142)	(22,572)	(6,277)	(9,972)	(16,164)	(20,171)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund deferred revenues	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	(2,557)	(449,612)	(2,557)	(2,557)	(2,557)	(2,557)	(2)	(2)	(2)	(2)
Total adjustments	293,639	(449,668)	134,757	64,464	109,142	217,552	260,944	390,898	689,878	817,377
Net cash provided by (used in) operating activities	$ (7,698)	$ —	$ (7,612)	$ (8,112)	$ (7,612)	$ (8,112)	$ (4,566)	$ (5,001)	$ (5,864)	$ (6,056)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	$ (1,949,582)	$ (962,532)	$ (1,432,157)	$ (1,465,685)	$ (381,271)	$ (919,727)	$ (1,416,653)	$ (1,321,010)	$ (1,102,490)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Interest paid	1,592,038	909,936	1,588,678	1,557,667	441,487	1,083,240	2,055,322	1,517,595	1,251,496
Amortization of bond issuance costs	97,328	55,380	84,704	90,581	27,427	64,676	92,740	99,968	56,751
Amortization of bond discount (premium)	—	—	—	—	—	—	—	—	—
Amortization of investment (discount) premium	—	—	—	—	—	—	—	—	—
Net (increase) decrease in fair value of investments	1,848,986	888,339	1,400,657	1,429,733	373,490	842,809	1,507,950	1,205,704	1,038,255
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—
Gain on MBS Sales	—	—	—	—	—	—	—	—	—
Interest received on investments	(1,609,969)	(905,949)	(1,660,732)	(1,631,842)	(468,015)	(1,085,445)	(2,261,877)	(1,517,035)	(1,267,534)
Changes in assets and liabilities:									
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	47,197	26,445	41,606	47,111	10,906	26,307	50,434	39,701	43,649
(Increase) decrease in other assets	1,245	2,717	937	1,053	—	3,196	1,291	1,145	3,246
Increase (decrease) in accrued interest payable	(40,983)	(23,547)	(36,956)	(41,438)	(10,650)	(25,133)	(45,335)	(38,494)	(33,718)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund deferred revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(1,002)
Total adjustments	1,935,840	953,319	1,418,892	1,452,863	374,643	909,648	1,400,523	1,308,582	1,091,143
Net cash provided by (used in) operating activities	$ (13,742)	$ (9,213)	$ (13,265)	$ (12,822)	$ (6,628)	$ (10,079)	$ (16,130)	$ (12,428)	$ (11,347)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (1,285,788)	$ (894,842)	$ (1,051,205)	$ (705,490)	$ (9,272,224)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Interest paid	1,319,020	887,920	828,839	1,150,458	5,742,989
Amortization of bond issuance costs	86,617	64,200	88,177	99,183	223,948
Amortization of bond discount (premium)	—	—	—	—	(20,791)
Amortization of investment (discount) premium	—	—	—	—	—
Net (increase) decrease in fair value of investments	1,234,153	812,213	939,772	790,622	9,911,587
Realized (gain) loss on investments	—	—	—	—	—
Gain on MBS Sales	—	—	—	—	—
Interest received on investments	(1,365,871)	(881,830)	(815,662)	(1,163,073)	(6,626,618)
Changes in assets and liabilities:					
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—
(Increase) decrease in accrued interest receivable	40,648	26,561	33,863	(178,778)	7,170
(Increase) decrease in other assets	974	2,690	—	(4,367)	1,741
Increase (decrease) in accrued interest payable	(40,393)	(25,557)	(31,628)	(6,332)	(44,950)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	—	—
Increase (decrease) in grant fund deferred revenues	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	(2)	(2)	(2)	39,526	(223)
Total adjustments	1,275,146	886,195	1,043,359	727,239	9,194,853
Net cash provided by (used in) operating activities	$ (10,642)	$ (8,647)	$ (7,846)	$ 21,749	$ (77,371)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2013

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (27,482,177)	$ 4,923	$ 34,069	$ 101,681	$ 32,603	$ (27,308,901)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Interest paid	27,038,666	—	—	14,389	—	27,053,055
Amortization of bond issuance costs	1,474,397	—	—	—	—	1,474,397
Amortization of bond discount (premium)	(89,323)	—	—	—	—	(89,323)
Amortization of investment (discount) premium	30,418	—	—	128,758	—	159,176
Net (increase) decrease in fair value of investments	28,209,382	—	—	1,033,748	—	29,243,130
Realized (gain) loss on investments	—	—	—	23,026	—	23,026
Gain on MBS Sales	—	—	—	(148,077)	—	(148,077)
Interest received on investments	(28,918,756)	—	—	(1,680,996)	—	(30,599,752)
Changes in assets and liabilities:						
(Increase) decrease in mortgage loans receivable, net	—	30,364	(175,677)	(174,677)	(525,169)	(845,159)
(Increase) decrease in accrued interest receivable	573,621	264	(303)	12,945	(1,194)	585,333
(Increase) decrease in other assets	15,868	—	—	56,957	7,000	79,825
Increase (decrease) in accrued interest payable	(736,066)	—	—	759	—	(735,307)
Increase (decrease) in low income housing tax credit program deferred revenues	—	—	—	628,418	—	628,418
Increase (decrease) in grant fund deferred revenues	—	—	—	6,558,598	—	6,558,598
Increase (decrease) in deferred gains	—	—	—	(46,818)	—	(46,818)
Increase (decrease) in other liabilities and accrued expenses	(439,638)	219,431	(2,557)	128,538	(4,578)	(98,804)
Total adjustments	27,158,569	250,059	(178,537)	6,535,568	(523,941)	33,241,718
Net cash provided by (used in) operating activities	$ (323,608)	$ 254,982	$ (144,468)	$ 6,637,249	$ (491,338)	$ 5,932,817

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

The Board of Directors of
Mississippi Home Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mississippi Home Corporation (the "Corporation"), a governmental instrumentality of the State of Mississippi, which comprise the combined statements of net position as of June 30, 2013 and 2012, and the related combined statements of revenue, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements and have issued our report thereon dated September 25, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Horne LLP

Ridgeland, Mississippi
September 25, 2013