Idaho Housing and Finance Association

www.idahohousing.com

Audit Report as of
June 30, 2023

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Independent Auditor's Report

To the Board of Commissioners
Idaho Housing and Finance Association
Boise, Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Idaho Housing and Finance Association (the Association), as of and for the years ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Idaho Housing and Finance Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Associations as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Idaho Housing and Finance Association's basic financial statements. The supplementary financial information on pages 49 through 54 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Association's 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 Association's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
September 27, 2023

The Idaho Housing and Finance Association's (the Association) Management Discussion and Analysis presents readers of the Association's financial statements a narrative overview and analysis of the financial activities of the Association for the year ended June 30, 2023.

Organizational Overview

The Association is a self-supporting organization that must generate all revenue necessary to cover the cost of its operations. The Association services loans for single-family borrowers in Idaho, Connecticut, Iowa, New Mexico, South Dakota, Texas, Oregon, and Washington, and multifamily affordable housing projects in Idaho. The Association administers sixteen (16) Housing and Urban Development (HUD) programs---Emergency Solutions Grants Program, HOME Investment Partnerships Program, Home – American Rescue Plan, Housing Trust Fund, Housing Opportunities for Persons with AIDS, Neighborhood Stabilization Program, Continuum of Care Program, Comprehensive Housing and Counseling Program, Family Self-Sufficiency Program, Section 8 New Construction/Substantial Rehabilitation, Section 8 Performance Based Contract Administration, Housing Choice Voucher Program, Emergency Housing Voucher Program, Mainstream 5 Year Program, Coronavirus State and Local Fiscal Recovery Funds (Workforce Housing and ISCP), Federal Housing Administration Insured Mortgage Loans, and Public and Indian Housing Loan Guarantee program; three (3) U.S. Treasury programs---Tax Credit Assistance Program, Homeowner Assistance Fund, and Emergency Rental Assistance; one (1) Department of Veterans Affairs (VA) program---Guaranteed Mortgage Loans; and one (1) U.S. Department of Agriculture (USDA) program---USDA Rural Housing Services Insured Mortgage Loans. The Association also issues bonds to finance nonprofit facilities, economic development projects, and road improvements throughout the State of Idaho.

Financial Highlights

The Association reported a positive operating income during fiscal year 2023, reflecting continued robust loan acquisition production, a larger servicing portfolio (as loan servicing contracts increased), higher servicing revenue, and on-going cost containment measures. These factors were offset by a large decrease in gains on loan sales which was due to a change in funding strategy where future gains were shifted into bond indentures by selling mortgage-backed securities into bond indentures rather than immediately on the open market. This change in funding strategy also resulted in large increases to both the asset and liabilities of the Association's balance sheet.

The substantial decrease in fair value of loan servicing contracts in fiscal year 2023 was due to an update in valuation methodology used by the third party contracted by management to value loan servicing contracts. Investments held in trust increased significantly due to the issuance of new bonds in fiscal year 2023. Loans pending modification improved significantly as loans needing modification coming out of the COVID forbearance period in the prior year have largely dissipated. Other Assets significantly increased due to a spike in REO mortgages receivables from REO claim filings. This spike was due to the ending of COVID foreclosure moratoriums in fiscal year 2023, causing foreclosures and the related REO claim filing receivables to increase.

Liabilities increased overall, driven by the new bonds issued in fiscal year 2023. This activity was offset by existing mortgage-backed securities continuing to pay down, decreasing the liability and the associated asset. Other Liabilities increased significantly due to additional federal program funds that had not yet been distributed at year-end.

The financial highlights of the Association as of June 30, 2023 compared to June 30, 2022, are as follows:

- Operating income decreased from $18.6 million to $12.8 million which is a decrease of 31%. This decrease was mainly attributable to the decline in gains on loan sales as the gains were shifted into bond indentures, from $36.6 million in fiscal year 2022 to $12.7 million in fiscal year 2023.
- Total net position, after fair market value and federal pass-through adjustments, decreased $129.9 million mainly attributable to an update in valuation methodology used by the third party contracted by management to value loan servicing contracts. This third party update in valuation methodology caused a one-time non-operating decrease in value of $114.4 million.
- Total assets and deferred outflows of resources increased $669.5 million or 24% mainly due to new bond issuances.
- Total liabilities and deferred inflows of resources increased $801.5 million or 39% mainly due to new bond issuances.

The Financial Analysis section of this Management's Discussion and Analysis includes a table that summarizes the changes in net position that occurred during the years ended June 30, 2023, and 2022, as well as the changes in net position.

Fiscal year 2023 was characterized by quickly rising levels of interest rates and a continued strength in real estate prices in the Idaho real estate market. The Association also experienced significant increases in loan purchases in tax-exempt bond eligible loans mainly by first time home buyers.

The Association has various joint-venture or subservicing relationships with Connecticut Housing Finance Authority (CHFA), Iowa Finance Authority (IFA), New Mexico Mortgage Finance Authority (MFA), South Dakota Housing Development Authority (SDHDA), Texas Department of Housing and Community Affairs (TDHCA), and Washington State Housing Finance Commission (WSHFC). The Association also began a master servicing relationship with Oregon Housing and Community Services (OHCS).

Overall, the Association has successfully managed its loan and financing programs during this period. Looking forward, the Association, along with the rest of the country, expects more uncertainty in the economic, legal, and mortgage-lending environments as the impacts of interest rate changes continue.

See the Financial Analysis section of this Management's Discussion and Analysis for additional information on the Government Accounting Standards Board (GASB) required fair value adjustments.

Overview of the Financial Statements

This annual financial report consists of three parts: Management's Discussion and Analysis; the financial statements, including notes to the financial statements; and supplemental schedules. Summary information is presented for separate mortgage revenue bond programs in the supplemental schedules.

According to the American Institute of Certified Public Accountants (AICPA), in its Audit Guide for Not-For-Profit Organizations, the Association meets the definition of a governmental entity and incorporates GASB accounting standards into its financial statements. However, due to the nature of the Association, it is considered a Special Purpose Governmental Entity engaged only in business-type activities. Accordingly, the Association uses Proprietary Enterprise Fund reporting and the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The Association’s financial statements provide detailed information about the most significant activities within the Proprietary Fund. Some of the activities are required by the Department of Housing and Urban Development (HUD) or by certain bond requirements. However, the Association has established others to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

Component units are organizations legally separate from but financially accountable to the Association and their relationship with the Association is such that exclusion would cause the Association’s financial statements to be misleading. The Association has determined that The Housing Company, the Home Partnership Foundation, and IHFA Community Investment Holdings LLC are integral and material components of the Association’s reporting entity and their respective financial statements have been incorporated as such.

Accordingly, The Housing Company’s basic financial statements are presented immediately following the Association’s basic financial statements while the Home Partnership Foundation’s and IHFA Community Investment Holdings LLC’s basic financial statements have been blended with the Association’s basic financial statements.

Financial Analysis

The following table summarizes the changes in net position that occurred during the years ended June 30, 2023 and 2022, as well as the changes in net position.

As of June 30, (in thousands)	2023 Balance	2023 % Change from prior period	2022 Balance	2022 % Change from prior period
Cash and cash equivalents	$ 47,088	0.52%	$ 46,846	49.63%
Cash and cash equivalents held in trust or as agent	233,125	2.29%	227,900	(29.70%)
Cash held in escrow	211,223	11.29%	189,801	2.44%
Investments, fair value	22,384	(65.87%)	65,584	67.55%
Investments, fair value held in trust	1,346,531	149.60%	539,465	(9.76%)
Loans held for investment, net	260,762	20.34%	216,695	(9.59%)
Loans available for sale	98,566	1.19%	97,409	(40.28%)
Loan servicing contracts, fair value	237,912	(32.47%)	352,283	57.01%
Loans pending modification	3,144	(97.63%)	132,668	6064.87%
Property and equipment	12,779	26.37%	10,112	(7.82%)
Right-of-use lease asset	1,177	(30.64%)	1,697	(14.94%)
Derivative assets	2,855	#DIV/0!	-	(100.00%)
Other assets	105,208	26.21%	83,360	(5.12%)
Tax exempt mortgage securities asset	183,999	(14.70%)	215,714	(33.56%)
State of Idaho GARVEE Payable	654,360	15.31%	567,474	9.58%
Interest rate swap contracts	7,911	(37.06%)	12,569	(45.97%)
Total assets and deferred outflow	$ 3,429,024	24.26%	$ 2,759,577	(0.80%)
Bonds	$ 1,798,204	66.84%	$ 1,077,773	247.69%
Short-term and other borrowing	388,370	23.62%	314,163	(69.20%)
Tax exempt mortgage securities liability	183,999	(14.70%)	215,714	(33.56%)
Swap contract fair value liability	2,917	(52.66%)	6,162	(59.70%)
Interest payable-swap contract	2,709	(19.35%)	3,359	(98.81%)
Escrow and project reserve deposits	203,795	13.78%	179,107	1.82%
Investor remittances	108,700	(38.40%)	176,474	4138.09%
Other liabilities	142,384	98.36%	71,781	#DIV/0!
Derivative liabilities	14,965		-	0.00%
Total liabilities and deferred inflow	$ 2,846,043	39.20%	$ 2,044,533	(6.51%)
Net investment in capital assets	$ 12,779	26.37%	$ 10,112	(7.82%)
Bond funds	58,651	4.78%	55,974	(9.24%)
Federal Programs	1,162	(7.41%)	1,255	(36.93%)
The HOME Partnership Foundation, Inc fund	5,461	30.43%	4,187	138.44%
Idaho Community Investment Holdings, LLC	6,261		5,983	
Unrestricted	498,667	(21.52%)	635,373	22.83%
Total net position	$ 582,981	(18.22%)	$ 712,884	19.85%

For the years ended June 30, (in thousands)	2023 Balance	2023 % Change from prior period	2022 Balance	2022 % Change from prior period
Interest on loans and GARVEE pledged revenues	$ 49,690	(13.31%)	$ 57,318	11.59%
Government and multifamily trusts pledged revenues				
Interest on Investments	23,479	380.54%	4,886	(18.27%)
Loan servicing fees	62,803	10.61%	56,777	18.44%
Contract and grant administration fees	17,901	7.73%	16,616	21.56%
Gains on loan sales	12,733	(65.18%)	36,566	(55.71%)
Other	4,905	(2.41%)	5,026	(18.54%)
Total revenues	171,511	(3.20%)	177,189	(14.69%)
Interest	71,265	36.69%	52,135	(8.15%)
Salaries and benefits	32,956	8.65%	30,331	21.58%
Loan acquisition costs	24,277	(50.78%)	49,327	(17.46%)
General operating	22,893	13.71%	20,133	21.65%
Bond financing costs	108	(78.95%)	513	(0.39%)
Grants to others	1,458	10.29%	1,322	101.83%
Losses on real estate-owned property	4,154	81.40%	2,290	22800.00%
Other	1,591	(36.69%)	2,513	240.98%
Total expenses	158,702	0.09%	158,564	(0.86%)
Operating income/(loss)	12,809	(31.23%)	18,625	(61.00%)
Net increase (decrease) in fair value of investments	(16,250)	31.99%	(12,312)	(335.05%)
Net increase (decrease) in fair value of derivative instruments	(12,376)		(15,427)	
Net increase (decrease) in fair value of servicing rights	(114,371)	(189.42%)	127,907	80.70%
Federal pass-through revenues	114,918	29.82%	88,518	25.13%
Federal pass-through expenses	(114,633)	28.44%	(89,253)	24.30%
Total non-operating revenues and expenses	(142,712)	(243.53%)	99,433	48.79%
Increase/(decrease) in net position	$ (129,903)	(210.03%)	$ 118,058	3.04%
Loans serviced as agent (not reported on statement of net position)	$ 27,334,627	11.34%	$ 24,549,688	27.01%

The fair value adjustments reported in the Statement of Net Position on page 10 and the Statement of Revenues, Expenses, and Changes in Net Position on page 11 are required under GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and No. 72, *Fair Value Measurement and Application*.

Capital Asset and Debt Administration

Capital Assets: The Association's capital assets include land, buildings, office, and computer equipment. Capital assets are presented in the financial statements at $12.779 million (net of accumulated depreciation). The Association purchased $3.221 million of land in the current fiscal year to facilitate construction of affordable housing apartment complexes.

The Association periodically sells bonds to investors to raise capital. Bonds are marketable securities-backed by mortgage loans on residential and multifamily properties. The Association's bond issues are highly rated because, in addition to a mortgage on the property being financed, the bond issue requires cash reserves along with mortgage insurance and other safeguards, giving the investor or bondholder additional assurance that the bond issuer (the Association) will repay the loan.

Additional information about our long-term liabilities is presented in the notes to the financial statements.

Economic Factors

The primary business activity of the Association is funding the purchase and servicing of single-family home mortgages. The Association's mortgage financing activities are sensitive to the level of interest rates, the spread between the rate available on Association loans and those available in the conventional mortgage markets and the availability of affordable housing. The availability of FNMA, FHMLC, and GNMA to purchase loans or guarantee loan securities; the availability of the Federal Housing Administration (FHA), the Veterans Administration (VA), and the Department of Agriculture's Office of Rural Development (RD) to guarantee loans; the continuation of servicing relationships outside of Idaho; and the availability of long-term, tax-exempt financing on favorable terms are key elements in providing the resources necessary for the Association to continue its mortgage financing and servicing activities. In addition, the funding of the Association's federal programs activities is dependent on budget appropriations from the U.S. Department of Housing and Urban Development, as contained in the Federal budget.

Contacting the Association's Financial Management

This financial report is designed to provide a general overview of Idaho Housing and Finance Association's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller at Idaho Housing and Finance Association, P.O. Box 7899, Boise, ID 83707-1899, or contact our website at www.idahohousing.com.

(in thousands)

Assets	
Cash and cash equivalents	$ 47,088
Cash and cash equivalents held in trust or as agent	233,125
Cash held in escrow	211,223
Investments, fair value	22,384
Investments held in trust, fair value	1,346,531
Loans held for investment, net	260,762
Loans available for sale	98,566
Loan servicing contracts, fair value	237,912
Loans pending modification	3,144
Capital assets	12,779
Right-of-use lease asset	1,177
Derivative assets	2,855
Other assets	105,208
Tax exempt mortgage securities asset	183,999
State of Idaho GARVEE receivable	654,360
Total assets	3,421,113
Deferred Outflow of Resources	
Interest rate swap contracts, amortized value	7,095
Interest rate swap contracts, fair value	816
Total deferred outflow of resources	7,911
Total assets and deferred outflow of resources	$ 3,429,024
Liabilities	
Short-term and other borrowings	$ 388,370
Bonds and notes	1,798,204
Tax exempt mortgage securities liability	183,999
Interest payable-swap contract	2,709
Investor remittance liability	108,700
Escrow and project reserve deposits	203,795
Swap contract fair value	2,917
Derivative liabilities	14,965
Other liabilities	142,384
Total liabilities	2,846,043
Net Position	
Net investment in capital assets	12,779
Restricted	
Bond funds	58,651
Federal Programs	1,162
The Home Partnership Foundation, Inc fund	5,461
Unrestricted	
Idaho Community Investment Holdings, LLC	6,261
General Unrestricted	498,667
Total net position	582,981
Total liabilities, deferred inflow of resources, and net position	$ 3,429,024

(in thousands)

Operating Revenues	
Gain on loan sales	$ 12,733
Interest on loans and GARVEE pledged revenues	49,690
Interest on investments	23,479
Loan servicing fees	62,803
Grant and contract administration fees	17,901
Other	4,905
Total operating revenues	171,511
Operating Expenses	
Loan acquisition costs	24,277
Interest	71,265
Salaries and benefits	32,956
General operating	22,893
Bond financing costs	108
Grant to others	1,458
Losses on real estate-owned property	4,154
Other	1,591
Total operating expenses	158,702
Operating Income	12,809
Nonoperating Revenues and (Expenses)	
Net decrease in fair value of investments	(16,250)
Net decrease in fair value of derivatives	(12,376)
Net decrease in fair value of servicing contracts	(114,371)
Federal pass-through revenues	114,918
Federal pass-through expenses	(114,633)
Total nonoperating revenues and (expenses)	(142,712)
Change in Net Position	(129,903)
Net Position, Beginning of Year	712,884
Net Position, End of Year	$ 582,981

(in thousands)

Operating Activities	
Receipts from customers, loan interest, and other	$ 3,407,286
Loan principal payments	81,206
Principal and interest pass-through remittances as servicing agent	(3,026,238)
Escrow deposits	1,034,239
Escrow disbursements	(1,009,551)
Loan sales	4,525,266
Loan acquisition costs	(24,277)
Interest paid	(75,160)
Payments to suppliers	(2,788)
Payments for transportation program costs	(174,837)
Payments for loans available for sale	(4,532,226)
Payments to employees for services and benefits	(32,798)
Loan principal additions	(162,855)
Net Cash from Operating Activities	7,267
Noncapital Financing Activities	
Bond financing costs	48,478
Bond and short-term borrowings payments	(318,506)
Bond and short-term borrowings issued	1,057,152
Federal pass-through revenues	(114,918)
Federal pass-through expenses	114,633
Net Cash from Noncapital Financing Activities	786,839
Capital and Related Financing Activities	
Acquisition and construction of capital assets	(3,351)
Net Cash used for Capital and Related Financing Activities	(3,351)
Investing Activities	
Investment purchases	(3,330,147)
Investment redemptions	2,542,802
Investment income	23,479
Net Cash used for Investing Activities	(763,866)
Net Change in Cash	26,889
Cash and Cash Equivalents, Beginning of Year	464,547
Cash and Cash Equivalents, End of Year	$ 491,436

(in thousands)

Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 12,809
Adjustments to reconcile operating income to net cash from operating activities	
Loan principal received	81,206
Loans issued	(162,855)
Bond financing costs	48,478
Depreciation and other amortization	1,204
Changes in assets and liabilities	
Interest receivable	542
Interest payable	(12,891)
Interest on investments	(23,479)
Pledged revenues	(98,960)
Other assets	223,329
Accounts payable and other liabilities	(62,116)
	(5,542)
Net Cash from Operating Activities	$ 7,267

Assets	
Cash and cash equivalents	$ 10,767,101
Investments in subsidiaries	1,576
Restricted cash	5,546,576
Receivables	1,435,355
Mortgage proceeds held in trust	6,259,150
Prepaid expenses	593,751
Land	12,887,333
Buildings and equipment (net of accumulated depreciation)	90,932,962
Tax credit fees and other (net of accumulated amortization)	990,147
	$ 129,413,951
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued liabilities	$ 2,349,298
Interest payable	343,022
Real estate taxes payable	408,617
Long-term debt and construction loans payable (net of unamortized debt issuance costs)	74,993,883
Security deposits payable	493,675
	78,588,495
Net Assets Without Donor Restrictions	
Controlling interests	10,474,538
Noncontrolling interests	40,350,918
	$ 129,413,951

Revenues	
Tenant rents	$ 10,132,647
Housing assistance payments	2,745,858
Grants and other contributions	394
Interest and dividends	116,370
Developer fees	354,954
Forgiveness of debt on tax credit exchange loan	212,000
Property management services	310,605
Other	465,317
Total revenues	14,338,145
Expenses	
Administrative	3,653,437
Utilities and maintenance	3,522,605
Real estate taxes and insurance	1,717,874
Depreciation and amortization	5,495,726
Interest	2,033,499
Total expenses	16,423,141
Net Loss	(2,084,996)
Loss on disposal of assets	(78,425)
Loss on involuntary conversion of assets	(756)
Decrease in Net Assets Without Donor Restrictions Before Noncontrolling Interests	(2,164,177)
Noncontrolling Interests in Partnership Losses	2,505,979
Change in Net Assets Without Donor Restrictions	$ 341,802

Note 1 - Authorizing Legislation

The Idaho Housing and Finance Association (Association) is created, as an independent public body corporate and politic, by the Idaho Legislature under the provisions of Chapter 62, Title 67 of the Idaho Code, as amended by the Act. The Act empowers the Association, among other things, to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons and families of limited income residing in Idaho and, in addition, to coordinate and encourage cooperation among private enterprise and State and local governments to sponsor, build and rehabilitate residential housing for such persons; to issue notes and bonds in furtherance of its purpose of financing economic development projects in partnership with private financial institutions and State and local economic development entities; and to issue notes and bonds to finance projects that improve the transportation infrastructure in Idaho.

The enabling legislation, along with bond indentures and bond resolutions adopted by the Association, contains specific provisions pertaining to (a) the use of the proceeds from the sale of notes and bonds, (b) the application of pledged receipts and recoveries of principal from mortgages, and (c) the creation of certain accounts along with the accounting policies of such accounts. Association administrative obligations from bond and other housing programs extend to the year 2054.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accounting and reporting policies of the Association conform to generally accepted accounting principles of the Governmental Accounting Standards Board (GASB) and follow the accrual basis of accounting. The Association is accounted for as an Enterprise Fund.

The accompanying combined financial statements include the accounts of the Enterprise Fund of the Association. All interfund balances and transactions have been eliminated.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Association's policy is to first apply the expense towards restricted resources, and then toward unrestricted resources.

Reporting Entity

Although the State of Idaho considers the Association a component unit for financial reporting purposes in accordance with GASB Statement No. 61, *The Financial Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, and the State's governor appoints the Board of Commissioners of the Association, the Association is legally separate from the State of Idaho, is not a State agency under State law, and uses no State funds or State employees to support its operations.

The Home Partnership Foundation (HPF), The Housing Company (THC), and IHFA Community Investment Holdings LLC (ICIH LLC) are component units of the Association and the financial statements of each have been incorporated into these financial statements and notes. The degree of control governs the reporting presentation; as such, HPF's and ICIH LLC's presentations have been blended and THC's presentation has been discretely presented.

HPF and ICIH LLC report under GASB standards in the same manner as the Association with the same fiscal year-end. THC reports under FASB standards, including FASB ASC 958, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to THC's entity presentation in the Association's financial statements for these differences. THC uses a calendar year basis as its fiscal year and the most recent audited financial statements are presented.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in determining the collectability of receivables, determining the recoverability on other real estate owned property, the fair value of interest rate swaps, and loan servicing contracts. It is at least reasonably possible that the significant estimates used will change within the next year.

Program Accounting

Financial activities of the Association are recorded in business units established under various bond indentures and bond resolutions and in business units established for the administration of the various programs empowered by the Act.

<u>Business Operations</u> includes the General Operating business unit and various custodial accounts established to administer the ongoing responsibilities of programs maintained by the Association. Direct administrative and operational activities, including the operating expenses of various programs, are recorded in this account. Revenues in this account are primarily generated from fees earned for administering federal programs, fees earned for servicing loans, and earnings on investments held to finance future programs.

The <u>Federally Assisted Program</u> area was established to account for activities directly related to the limited-income rental assistance and other related programs funded by the U.S. Department of Housing and Urban Development (HUD). This business unit is primarily used for housing assistance pass-through funds and for properties owned and utilized in affordable housing programs. The funding of the Association's federal programs activities is dependent on budget appropriations from HUD, as contained in the Federal budget.

The <u>Affordable Housing Investment Trust</u> was established to account for activities intended for affordable housing projects in Idaho. This business unit consists primarily of investments and loans receivable and the earnings thereon, as well as the residual income generated through Business Operations each year.

The Rating Compliance and Loan Guaranty Trust, established to account for activities intended to meet bond rating agency requirements for asset security and bond debt service liquidity. This business unit consists primarily of investments and loans receivable and earnings thereon.

Single-Family Mortgage Bonds, established under separate trust indentures, account for the proceeds from the sale of Single-Family Mortgage Bonds and the debt service requirements of these bonds. Activities within these business units are, in general, limited to the purchase of mortgage loans made by mortgage lenders to qualifying, limited-income persons for single-family, owner-occupied housing in Idaho.

Grant and Revenue Anticipation Bonds (GARVEE) and Transportation Expansion/Congestion Mitigation (TECM), established under a separate trust indenture, account for the proceeds from the sale of GARVEE/TECM Bonds and the debt service requirements of these bonds. The GARVEE/TECM Bonds program allows the Association to advance funds to the State of Idaho for improving and enhancing the State's highway infrastructure.

Tax-exempt mortgage-backed securities (TEMS), established under a separate trust indenture, account for the pass-through activities associated with TEMS. TEMS are tax-exempt securities which are collateralized by mortgage loan pools. The TEMS are special, limited obligations of the Association and are payable solely from pledged mortgages and their revenues. The TEMS are secured by the mortgages, their related revenues, and the Ginnie Mae mortgage-backed security guarantee. Neither the State of Idaho nor any political subdivision thereof is obligated to pay the TEMS. Nor is the faith and credit, nor the taxing power of the State of Idaho or of any political subdivision thereof pledged for the payment of the principal or interest on the TEMS.

TEMS are collateralized by the mortgage loan pool with the same maturity terms as the TEMS. The payments from the mortgages are used to pay the principal and interest payments of the TEMS. The Association is the servicer for the mortgages. The Ginnie Mae trustee holds the deed of trust and the first lien on the properties that underlie the mortgages in a trust that benefits the Association as mortgage pool owner as well as Ginnie Mae as mortgage pool guarantor.

Cash and Cash Equivalents

Cash and cash equivalents include General Operating Account cash, General Operating Account investments with maturities of less than three months at the date of purchase, Federally Assisted Program cash and Affordable Housing Investment Trust cash are held at Zions Bank and KeyBank. Cash and cash equivalents deposited at Zions Bank are collateralized with U.S. Treasury obligations and U.S. Agency obligations and are held by Zions Bank in the Association's name. Custodial credit risk is the risk that the Association's deposits may not be returned in the event of a bank failure. The Association does not have a formal deposit policy for custodial credit risk. In the opinion of management, the Association is not exposed to this risk at June 30, 2023. Restricted cash as of June 30, 2023 consists of $100.840 million in Federal Programs, $211.223 million in escrow deposits, and $132.285 million in General Operating.

Bond Financing Costs/Bond Financing Cost Expense

Bond financing costs are expensed in the period incurred.

Loan Sale Gains, Acquisition Costs, and Servicing Contracts

GASB Statement No. 48 *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* establishes criteria for determining the reporting of proceeds from loan sales. This standard provides that net gain or loss on a sale be calculated by subtracting the carrying value of loans from the proceeds. Since the Association's seller/servicing relationships are independent of the loan acquisition process, service release premiums paid are included in the carrying value of loans and are reported as loan acquisition costs and expensed in the current period. Statement No. 48 does not require an analysis of or valuation of servicing contracts created in the sales process.

Loan Servicing Contracts (LSC) is an asset that represents the rights to service mortgage loans for others. The Association recognizes LSC when loans are sold, securitized, or acquired. Since the Association receives or pays no consideration in its seller/servicing relationships for LSC, the Association maintains a zero basis in the fair value of its servicing contracts. The Association has adopted a non-authoritative principle of valuing these servicing contracts determined by FASB ASC 860 *Transfers and Servicing* and reported using GASB Statement No. 72 *Fair Value Measurement and Application Guidance*. The Association reports LSC at fair values in the Statements of Net Position and changes in the fair value reported in the Statements of Revenues, Expenses, and Changes in Net Position. The Association uses the services of a reputable, nationally recognized company to estimate the fair value of LSC. The Association calculates the present value of estimated future net servicing income and incorporates inputs and assumptions that market participants use in estimating fair value. LSC is fair valued using a third-party proprietary financial model (Level 3 input).

As of June 30, 2023, the Association has LSC fair valued on its statements of net position at $237,912 million. During the year ended June 30, 2023, the Association has an unrealized LSC fair value decrease of $114.371 million. The Association holds these assets until maturity meaning that the value will ultimately be realized over a long-time horizon as loan servicing fees.

Risks considered in determination of LSC fair value include prepayment speeds, market discount rates, delinquency and foreclosure rates, and interest rate change shock rates. Assumptions included prepayment speeds, market interest rates, earnings rates, servicing costs, acquisition costs, ancillary income, and borrower rates. The average discount rate used in this analysis is 11.04%. The range of prepayment speeds used are from 76 to 193PSA with an average of 117 PSA.

Federally Assisted Program Advances and Fees

In accordance with the terms of contracts between the Association and HUD, the Association administers rental assistance programs as HUD's agent in certain areas of Idaho. Under these programs, persons of limited income receive rental subsidies from HUD through the Association. HUD advances funds sufficient to cover the monthly housing assistance payments and the Association's management service fees. These management service fees are recognized as revenue to the Association when earned. Federal Pass-Through Revenues and Expenses on the Statement of Revenues, Expenses and Changes in Net Position represent housing assistance payments and related federal funding that is passed through the Association to carry out such programs. Federal program revenues are recorded when all eligibility requirements have been met.

Capital Assets

Capital Assets held by the General Operating and Federally Assisted Program Accounts are recorded at cost and depreciated over the estimated useful lives of the related assets. The Association uses the straight-line method of depreciation with estimated lives of three to seven years for office and computer equipment and 40 years for real property and buildings. Depreciation expense for the year ending June 30, 2023, was $0.812 million. Capital Assets are presented in the Statements of Net Position, net of accumulated depreciation at $12.779 million at June 30, 2023.

Provisions for Loan Losses

Periodic evaluation of the loans receivable portfolio is performed in order to determine whether an allowance for loan losses should be established and reflected in current operations. The evaluation of a loan loss provision considers both loans receivable and real estate owned (REO) property, estimated value of the collateral, subsidies, guarantees, mortgage insurance, economic conditions, and historical loss experience for each loan type. The provision's charge against current operations considers holding costs, including accrued interest.

The Association has established an allowance for losses in the General Operating Account on recourse obligations related to FNMA-held, FHLMC-held, and GNMA-secured loan foreclosures. The Association estimates this amount to be $6.577 million as of June 30, 2023. The Association has established an allowance for loan loss and REO activity in the Loan Guarantee and Compliance Fund for Association-held loan losses not recoverable. As of June 30, 2023, the Association estimates this amount to be $0.800 million. Actual losses are charged against this provision and allocated, via an operating transfer, on a pro-rata basis to bond trusts with current year losses. The Association has established an allowance for loan losses in the Affordable Housing Investment Trust for Association down payment assistance loans due to the forgivability on an Association-held primary loan. The Association has established an allowance for forgivable loans in the Affordable Housing Investment Trust for Association down payment assistance loans not recoverable due to borrowers meeting their obligation on the primary loan and therefore qualifying for loan forgiveness. The Association estimates that amount to be $11.097 million as of June 30, 2023.

Generally, loans in default are reported in Loans until foreclosed. A loan is considered past due when payment is 30 days late. When payment is 90 days late, a 30-day demand to “pay in full or bring the account current” letter is issued. If payment is not made and payment is 120 days late, the loan is then moved to the foreclosure process. Once a loan is foreclosed, it is reclassified from Loans to Other Assets as REO mortgage receivable, pending recovery from the relevant source(s) of security and subject to indemnification limitations of those guarantors and insurance providers.

Escrow and Project Reserve Deposits

Escrow and project reserve deposits represent amounts held by the Association for insurance, real estate taxes and as reserves for replacement and operation. The Association invests these funds and allows earnings on multifamily project escrows to accrue to the benefit of the mortgagors of those projects. All escrow and project reserve deposits are included in Cash and Cash Equivalents in the Statement of Net Position.

Investor Remittance Liability

Investor Remittance Liability is composed of borrower principal and interest payment funds held by the Association pending remittance to the owners of the loans, primarily GNMA, FNMA, and FHLMC. These funds are remitted according to the loan owners’ contractual requirements, which vary, but in no case exceed 30 days. Investor Remittance liabilities payable were $108.700 million at June 30, 2023.

Short-Term and Other Borrowings

The Association has a commercial paper facility that provides funds to purchase single-family mortgage loans on an interim basis as well as financing for multifamily construction loans. Additionally, the Association has two lines of bank revolving credit facilities, and a warehouse facility with Federal Home Loan Bank.

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at the lower of cost basis in the loan or fair value at the date of foreclosure less estimated costs to sell, establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the asset is carried at the lower of cost or fair value less cost to sell. Expenses from operations are included in other expenses. Revenues, net gains and losses on sales, other disposals of real estate owned, and changes in valuation are included in losses on real estate-owned property.

Net Position

Net Position, the amount total assets plus deferred outflows of resources exceeding total liabilities plus deferred inflow of resources, is an aggregation of all Association bond trust and program accounts. Restricted net positions are those required to meet the various covenants as defined in bond indentures or other laws or regulations. Designated net position indicates that position set aside at the discretion of the Association to be used for a specific purpose and not for general operations. Net positions in the amount of $64.958 million at June 30, 2023, are restricted by bond indentures and programmatic requirements; approximately $125.931 million at June 30, 2023, are designated by the Board for programmatic uses in connection with the Affordable Housing Investment Trust; and the remaining balances of $392.092 million held in the General Operating business unit at June 30, 2023 include $12.779 million, net invested in capital assets, and $379,313 million, unrestricted and available for general operations of the Association.

Classification of Revenues

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) interest on loans and investments and (2) administration and loan servicing fees. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as (1) federal pass-through awards, (2) change in the fair value of investments, and (3) any other revenue sources that the Association may receive that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

New Accounting Principles

GASB has issued the following standards effective for fiscal year 2023:

GASB Statement No. 91, Conduit Debt Obligations, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Management elected to early adopt GASB Statement No. 91, *Conduit Debt Obligations* in fiscal year 2020. In the opinion of the management, the other standards do not have a material impact on the Association's financial position given current operations and obligations.

GASB has issued the following standards effective for fiscal year 2024 or later:

GASB Statement No. 99, *Omnibus 2022,* GASB Statement No. 100, *Accounting Changes and Error Corrections – An amendment of GASB Statement No. 62,* GASB Statement No. 101, *Compensated Absences.* Management has not fully studied these standards but is of the opinion that any impact will be minimal.

Note 3 - Investments

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application* require certain investments be reported at fair value in the Statements of Net Position. The Association reports all investments at fair value in the Statements of Net Position. The Association has entered into investing agreements with Zions and KeyBank banks where excess cash balances (classified as cash and cash equivalents) are invested overnight in money market mutual funds and repurchase agreements. Investments are held in the Association's account in the name of the respective bank. As of June 30, 2023, the Association has overnight investments of $30,942 in repurchase agreements.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value focuses on market price from the perspective of a seller (exit price). The fair value of a financial asset is determined based on real or potential market transactions in the Association's principal market, or in the absence of a principal market, the Association's most advantageous market. The fair value of a nonfinancial asset takes into account the highest and best use of that asset, which normally is presumed its current use. A fair value measurement of a liability assumes that the liability would be transferred to a market participant and not settled with the counterparty (such as certain liabilities related to derivatives). Therefore, the fair value would be the price that would have to be paid for a third party to assume the liability, not the price that would have to be paid to the counterparty to settle the obligation. GASB Statement No. 72 explains that the Association may determine the market price of an asset in one of three ways: 1) actual market transactions for identical or similar items (market approach); 2) the current cost to replace the service capacity of an asset (cost approach); or 3) discounting the current value of future cash flows (income approach). It also establishes a three-tier hierarchy of input quality as follows:

- Level 1 inputs---quoted prices in active markets for identical items;
- Level 2 inputs---directly or indirectly observable prices, but not Level 1; and
- Level 3 inputs---unobservable inputs such as financial models.

As of June 30, 2023, the Association categorizes the combined fair value of $1,368.915 million of Investments and Investments held in trust within this hierarchy. Money market funds of $325.935 million, U.S. Agency obligations of $475.275 million, U.S. Government mortgage-backed securities of $223.637, U.S. Treasury bonds of $281.497 million, U.S. Treasury bills of $54.112 million, Municipal bonds of $1.900 million and accrued interest of $4.261 million are valued using quoted market prices (Level 1). Interest rate swaps of $2.298 million are valued using a propriety-pricing model (Level 2).

Interest Rate Risk: The Association has adopted bond indentures, bond resolutions, and trust resolutions as policy for the determination of investment maturities. These indentures and resolutions provide that investment maturities be based upon the cash requirements of the Association's accounts, as determined by authorized Association investment officers.

As of June 30, 2023, the Association had the following investments and maturities (in thousands):

June 30, 2023		Investment Maturities (in Years)							
Investment Type	Fair Value	Less Than 1	1-5	6-10	11-15	16-20	21-25	26-30	More Than 30
Interest rate swaps	$ 2,298	$ 2,298	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Money market funds	325,935	325,935	-	-	-	-	-	-	-
U.S. Agency obligations	44,723	34,763	6,363	2,754	843	-	-	-	-
U.S. Agency/Pooled obligation	430,552	-	-	-	-	-	12,211	417,948	393
U.S. Government mortgage-backed securities	223,637	223,637	-	-	-	-	-	-	-
U.S. Treasury Bonds	281,497	71,608	209,889	-	-	-	-	-	-
U.S. Treasury Bills	54,112	-	54,112	-	-	-	-	-	-
Municipal Bonds	1,900	-	-	-	-	-	900	1,000	-
	1,364,654	$ 658,241	$ 270,364	$ 2,754	$ 843	$ -	$ 13,111	$418,948	$ 393
Accrued interest	4,261								
All Investments	$ 1,368,915								

At June 30, 2023, the Association had 190 U.S. agency mortgage-backed security pools, which pay monthly principal and interest.

At June 30, 2023, the Association had $56.080 million in notional amount of fixed payer/variable receiver interest rate swap contracts outstanding in connection with its outstanding variable rate demand note mortgage revenue bond issues. The Association pays fixed-rate payments between 3.7% and 5.5% and receives variable rate payments based on SIFMA and LIBOR indices. The Association entered into the swap contracts in November 2008, which mature between 2024 and 2030. These contracts are not rated.

At June 30, 2023, the Association has $752.000 million in forward sales contracts ("To Be Announced" or "TBA" contracts) or GNMA securities in order to lock in the sales price for the securitization of single-family loans.

Credit Risk: Investments for each bond issue are those permitted by the various bond indentures and bond resolutions adopted by the Association. Program account investments are restricted to those empowered by the Act or by Federal regulations. The Association has adopted resolutions as policy for the Affordable Housing Investment and Loan Guarantee Trusts. The Association has not adopted a formal policy related to the Association's Business Operations investments. As of June 30, 2023, the Association's investments in money market funds, investment agreements, U.S. government obligations, and Government National Mortgage Association obligations are unrated. As of June 30, 2023, the Association's remaining investments are rated by Moody's Investor Service as follows (in thousands):

Investment Type	Rating	2023
U.S. Agency Obligations	Aaa	$ 475,275

The Association's U.S. government and U.S. agency obligations are held by the Association's trustee in the Association's name. Corporate and other obligations are held by the Association's trustee in either the Association's account or in the Association's name.

Investment agreements are non-participating investments with financial institutions, are carried at cost, and not rated by rating agencies. Securities are not used as collateral for these investment agreements. Investment agreements are structured for both short-term and long-term bond proceeds in connection with the Association's single-family mortgage bond programs. Financial institutions providing the agreements have been rated by nationally recognized rating agencies at debt ratings sufficient to rate the Association's mortgage revenue bonds investment grade by those rating agencies.

Concentration of Credit Risk: The Association places no limit on the amount the Association may invest in any one issuer. The Affordable Housing Investment Trust investment policy places limits on the amounts the Association may invest in certain types of investments authorized by the Act.

As of June 30, 2023 the Association had investments of five percent or more in Ginnie Mae obligations of $430.552 million, Fidelity obligations of $325.415 million, U.S. Treasury Bond obligations of $281.317 million and Federal Home Loan obligations of $265.008 million.

During the year ended June 30, 2023, the Association realized net losses of $0.391 million, from sales of investments. The calculation of realized gains is independent of the calculation of the change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in a current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net change in the fair value of investments as of June 30, 2023, was a $13.518 million decrease. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the fiscal year. Included in the amount for the year ending June 30, 2023, was an increase of $1.757 million related to derivative interest rate swap contracts fair market value considered investments.

The unrealized loss on investments held at June 30, 2023, was $2.049 million. The Association matches the duration of its investments with the maturity debt in various bond accounts, and therefore, does not anticipate material unrealized gains or losses to be realized. For the year ending June 30, 2023, the Association's financial report uses GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as amended, to report derivative interest rate swap and forward sale contracts.

Note 4 - Loans Held for Investment and Loans Serviced as Agent

The Association has single-family, multifamily and other loans. The majority of the Association's loan portfolio consists of single-family mortgage loans to persons of limited income residing in Idaho. The Association has obtained various levels of security for loans. All loans are secured by mortgages or deeds of trust on the related properties. Additionally, loans are insured or guaranteed by the federal government, commercial mortgage insurers or by Association self-insurance reserves. In some cases, as required by bond resolutions or bond indentures, master mortgage guaranty insurance (pool insurance) provides a final level of security for certain losses sustained by reason of default, which are in excess of FHA, VA or primary insurance.

A summary of security for loans as of June 30, 2023, is as follows (in thousands):

	Non-Pool Insured	Pool Insured	Total
FHA Insurance	$ 103,524	$ -	$ 103,524
VA Guaranteed	6,336	-	6,336
Commercially Insured	7,194	2,771	9,965
USDA Rural Development Insurance	10,586	-	10,586
Association Insured	20,213	-	20,213
Public Indian Housing	107	-	107
	$ 147,960	$ 2,771	150,731
Other			
Single Family IHFA Capital Pool			6,843
Multifamily IHFA Capital Pool			2,164
Social Service and Development IHFA Capital Pool			85,342
Construction			3,356
State Small Business Credit Initiative			20,088
SRP			2,192
Loan Loss Provision on Forgivable Loans			(11,097)
Loan Loss Provision			(800)
Interest Receivable on Loans			1,943
Total loans held for investment, net			$ 260,762

As of June 30, 2023, the loans receivable includes $2.960 million in notes receivable from The Housing Company (THC), which require repayment within 13 years. The notes are secured by various multifamily housing projects and accrue interest at between 3.00 and 4.50 percent.

Construction, bridge and permanent financing, and multifamily projects, throughout Idaho are included as "Other." In addition to holding a first lien on the majority of these loans, performance bonds are in place to ensure completion of the projects under construction.

Interest charged on loans ranged from approximately 0 to 9.13 percent during fiscal year 2023. Loan interest rates are fixed over the loan term at levels exceeding yields on corresponding debt issued to purchase the loans. Federal tax law limits such excess yields. Loan terms range from less than one year to 40 years.

Each mortgage loan for all single-family financing programs is serviced pursuant to a Mortgage Loan Servicing Agreement. A master servicing arrangement was implemented beginning with the 1983 Series B Single-Family Mortgage purchase program. The mortgage servicer may, but need not, be a lending institution and a program participant.

The Association records loan servicing fee income, which is netted out of interest income. Fees are collected in the general operating account, and the principal and remaining interest are remitted to the loan owner or its trustee.

Mortgage loans to be serviced externally or by the Association are purchased at par or a discount of one to two percent of the outstanding principal balance as of the date of purchase. For loans serviced, but not owned, by the Association, loans are purchased at a premium of up to 3%, at par, or a discount of 1% or 2% of the outstanding principal balance is paid to the originating lender as of the date of purchase as consideration for the assignment of the servicing rights.

Loans and bonds are valued at their carrying amounts, which approximate par value. Due to the structured financing characteristics of the Association's bond issues and restrictions under various trust indentures, the Association is restricted from selling loans at a value that would impair its ability to service the bonds to which those loans are specifically pledged. These loans are specifically identified with a particular bond issue and pledged under the applicable trust indenture. Any changes in market interest rates subsequent to bond issuance and loan origination would be expected to approximate an equal impact on the fair value of the bonds and the related mortgages, if sold. The Association establishes the yield spread between the interest rate on the mortgages and related tax-exempt bonds to not exceed 1.125 percent, the maximum allowed by Section 143 of the Internal Revenue Code.

Loans originated and intended for sale to FNMA or FHLMC or securitized through GNMA are carried at the lower of aggregate cost or fair value. IHFA services loans sold to FNMA or FHLMC or secured by GNMA. Gains or losses are recognized based on the difference between the selling price and the carrying value of the related mortgage loan sold. Net unrealized losses are charged to Operating Expenses in the Statement of Revenues, Expenses and Changes in Net Position.

Loans available for sale are determined as a function of the Association's liquidity preference, customer preference, contractual requirements, and regulatory requirements. For the fiscal year ending June 30, 2023, the Association realized $12.733 million in gains on the sale of loans to FNMA, FHMLC, and GNMA. As of June 30, 2023, the Association had commitments to sell or secure $69.217 million of single-family mortgages to FNMA and FHMLC or through GNMA. As of June 30, 2023, the Association had commitments to sell or secure $40.771 million of single-family mortgages on behalf of Connecticut Housing Finance Authority. As of June 30, 2023, the Association had commitments to sell or secure $33.805 million of single-family mortgages on behalf of South Dakota Housing Development Authority.

As of June 30, 2023, the Association had commitments to sell or secure $20.002 million of single-family mortgages on behalf of Iowa Finance Authority. As of June 30, 2023, the Association had commitments to sell or secure $39.392 million on behalf of New Mexico Mortgage Finance Authority. As of June 30, 2023, the Association had commitments to sell or secure $133.451 million on behalf of Texas Department of Housing and Community Affairs. As of June 30, 2023, the Association had commitments to sell or secure $72.335 million on behalf of Washington State Housing Finance Commission. As of June 30, 2023, the Association had commitments to sell or secure $1.263 million on behalf of Oregon Housing and Community Services Department.

As of June 30, 2023, the Association estimates $88.974 million of loans receivable as current. Estimates consider loan principal due during the next twelve months plus anticipated prepayments made on outstanding principal balances. The Association had commitments to purchase $1,111.844 million of single-family mortgages, which had not yet been funded as of June 30, 2023.

As of June 30, 2023, the Association was an agent for the following loans (in thousands):

Federal Home Loan Mortgage Corporation	$ 2,381,189
Federal National Mortgage Association	6,972,432
Government National Mortgage Association	16,930,255
Iowa Finance Authority	40,964
Connecticut Housing Finance Authority	120,950
South Dakota Housing Development Authority	70,896
New Mexico Mortgage Finance Authority	68,508
Texas Department of Housing and Community Affairs	423,663
Washington State Housing Finance Commission	188,785
Idaho Community Reinvestment Corporation	10,745
Neighborhood Housing Services	2,546
Boise Valley Habitat	602
Lewiston-Clarkston Habitat for Humanity	1,158
HOME Loan Balances	83,604
Neighborhood Stabilization Program	11,316
Housing Trust Fund	9,667
Tax Credit Assistance Program	10,051
TCEP Loan Program	7,043
Other	253
Total loans serviced as agent	$ 27,334,627

Note 5 - Capital Assets

A summary of activity in the capital assets is as follows:

(in thousands)	Balance at June 30,2022	Additions	Reclass	Retirements	Balance at June 30,2023
Capital assets					
Land	$ 2,183	$ 3,221	$ -	$ -	$ 5,404
Buildings and improvements	9,641	91	-	-	9,732
Furniture and equipment	5,355	167	-	-	5,522
Leasehold improvements	872	-	-	-	872
Computer software	359	-	-	-	359
Total capital assets	18,410	3,479	-	-	21,889
Less accumulated depreciation for					
Buildings and improvements	(3,580)	(247)	-	-	(3,827)
Furniture and equipment	(4,024)	(526)	-	-	(4,550)
Leasehold improvements	(345)	(35)	-	-	(380)
Computer software	(349)	(4)	-	-	(353)
Total accumulated depreciation	(8,298)	(812)	-	-	(9,110)
Total capital assets, net	$ 10,112	$ 2,667	$ -	$ -	$ 12,779

Note 6 - Leases

The Association entered into an agreement to lease office space in Boise, Idaho for 36 months, beginning April 2022. The lease terminates April 2025. Under the terms of the lease, IHFA pays a monthly base fee of $31,927, increasing 3.0% annually on the anniversary of the agreement. In conjunction with this property, the Association also pays for sixty-seven (67) parking permits. The Association pays a monthly base fee of $7,708 for parking, increasing 3% annually on the anniversary of the agreement. The Association has an option to terminate the lease if, and only if, they purchase or lease another property that is owned by an ownership group consisting of a majority of the ownership group of the building.

The Association entered into an agreement to lease office space in Coeur d’Alene, Idaho for 36 months, beginning March 2023. The lease terminates March 2027. Under the terms of the lease, the Association pays a monthly base fee of $6,348 in years 1 and 2, and $6,538 in year 3.

At June 30, 2023, the Association has recognized right-to-use assets of $1.177 million and lease liabilities of $1.433 million. During the fiscal year, the Association recorded $0.615 million in amortization expense and $0.026 in interest expense. The Association used a discount rate of 4.57%, based on the Association’s incremental borrowing rate during fiscal year 2023.

Remaining obligations associated with these leases are as follows:

June 30, 2023	Period	Interest
2024	$ 603	$ 25
2025	503	10
2026	108	3
2027	57	1
2028	4	-
Total	$ 1,275	$ 39

	July 1, 2022	Additions	Deletions	June 30, 2023
Office space	$ 3,605	$ 400	$ (526)	$ 3,479
Equipment	262	-	-	262
Amortization	(2,170)	(622)	228	(2,564)
Total Right-to-Use Asset	$ 1,697	$ (222)	$ (298)	$ 1,177

Note 7 - Other Assets and Liabilities

Other assets and other liabilities as of June 30, 2023, are composed of the accounts and balances as follows (in thousands):

	2023
Other Assets	
Accounts receivable	$ 57,097
Multifamily trusts' pledged revenues receivable	11,714
Prepaid expenses	1,840
Insurance receivable	8,354
REO mortgages receivable	26,203
	$ 105,208
Other Liabilities	
Accounts payable	$ 287
Accrued vacation and other payroll related liabilities	1,750
Arbitrage rebate	92
Federal programs advances and unapplied program income	100,038
Unapplied payments	19,300
Reserve on loans serviced	9,840
Other accrued liability	11,077
	$ 142,384

Note 8 - Short-Term and Other Borrowings

The commercial paper facility provides funds to purchase single-family mortgage loans on an interim basis as well as financing for multifamily construction loans. Commercial paper activity is recorded in the General Operating business unit. The Association transfers mortgage loans purchased with proceeds from commercial paper to bond accounts or to sell to FNMA or FHLMC or to securitize through GNMA. Mortgage acquisition monies from bond accounts or from FNMA or FHLMC sale proceeds or GNMA securitization proceeds, respectively, reimburse the commercial paper facility. Transfers associated with bond accounts will be made prior to the end of the acquisition period as specified in the applicable bond indentures. The commercial paper borrowing is not backed by collateral. As of June 30, 2023, the Association had $157.620 million of commercial paper outstanding maturing in 32 to 46 days, with weighted average interest rates of .0532%.

The borrowings at PNC Bank and Zions Bank are not backed by collateral. As of June 30, 2023, the Association had $136.786 million of borrowings outstanding with PNC Bank maturing in May 2025 with a variable interest rate equal to the "Bank Index Rate", which means the sum of the Daily BSBY Rate and sixty hundredths of a percent (0.60%). As of June 30, 2023, the Association had $93.964 million of borrowings outstanding with Zions Bank maturing in July 2023, with a variable interest rate of the sum of the AMERIBOR 30-Day Index and sixty-five hundredths of a percent.

Note 9 - Bonds

Description and Due Date	Average Bond Yield	2023
Single-Family Mortgage Bonds		
2000 Indenture		
Variable Rate Class 1	5.420%	$ 7,150
	5.420%	7,150
2003 Indenture		
Class I Bonds	3.559%	16,185
Variable Rate Class I	3.002%	20,545
Variable Rate Class II	3.893%	3,930
	3.310%	40,660
2006 Indenture		
Variable Rate Class I	3.601%	17,135
	3.601%	17,135
2019 Indenture		
Variable Rate Class I	5.177%	410,545
Class I Bonds	2.767%	30,610
	5.010%	441,155
Total single-family mortgage bonds		506,100
Grant and Revenue Anticipation Bonds		
2010 Series A	6.348%	60,380
2011 Series A		-
2012 Series A		-
2014 Series A	5.000%	45,990
2015 Series A	5.000%	96,855
2017 Series A	5.000%	68,425
2019 Series A	4.539%	114,090
2021 Series A	2.022%	172,860
	4.130%	558,600
Transportation Expansion and Congestion Mitigation Bonds		
Class I Bonds	4.991%	534,275
	4.991%	534,275
Multifamily Housing Revenue Bonds		
Sunset 2021 Series A		
Class I Bonds	5.420%	13,740
	5.420%	13,740
Total bonds and notes		1,612,715
Interest Payable		30,269
Net Unamortized (Discount)/Premium		155,220
Total bonds and notes		$ 1,798,204

Premiums and discounts on bonds are amortized using the bonds outstanding method over the life of the bonds to which they relate.

The bonds are either special or general obligations of the Association and do not constitute a debt of the State of Idaho or any political subdivision thereof. Each bond issue is secured by the pledge of repayments of mortgage loans purchased with the bond proceeds and of all revenue earned relating to those bonds.

The Association has issued debt in a variable rate mode. The bulk of the variable rate debt is re-marketed on a weekly basis by a Remarketing Agent, retained by the Association, to periodically re-market the debt at the prevailing interest rates.

On December 22, 2022, the Association issued the 2022A Single Family Mortgage Bonds in furtherance of the Single-Family Mortgage Program and to assist other state housing finance agencies in other states to finance the purchase or servicing of housing by low income persons. On April 5, 2023, the Association issued the 2023AB Single Family Mortgage Bonds in furtherance of the Single-Family Mortgage Program and to assist other state housing finance agencies in other states to finance the purchase or servicing of housing by low income persons. On April 27, 2023 the Association issued Transportation Expansion and Congestion Mitigation Fund, Series 2023A Sales Tax Revenue Bonds.

The scheduled principal debt service, including July 1, 2023 special redemptions, for the periods subsequent to, and as of June 30, 2023, is as follows (in thousands):

	2024	2025	2026	2027	2028	2029 2033
Single-Family Mortgage Bonds						
2000 Indenture	$ 2,283	$ 832	$ 737	$ 682	$ 739	$ 1,877
2003 Indenture	4,980	3,175	2,015	1,385	1,535	14,485
2006 Indenture	5,640	-	-	-	-	3,845
2019 Indenture	8,920	17,070	22,685	23,575	22,400	93,870
	21,823	21,077	25,437	25,642	24,674	114,077
Grant Revenue and Revenue Anticipation Bonds						
2010 Series A	2,700	2,875	3,060	3,260	3,465	45,020
2011 Series A	-	-	-	-	-	-
2012 Series A	-	-	-	-	-	-
2014 Series A	4,155	4,370	4,595	4,830	5,075	22,965
2015 Series A	20,765	22,405	22,620	31,065	-	-
2017 Series A	8,810	8,680	10,075	3,315	37,545	-
2019 Series A	-	-	-	-	-	27,705
2021 Series A	-	-	-	-	-	68,030
Total GARVEE	36,430	38,330	40,350	42,470	46,085	163,720
Transportation Expansion and Congestion Mitigation Bonds						
2022 Series A	3,800	10,925	11,485	12,075	12,690	73,910
Total TECM	-	3,800	3,995	4,200	4,415	25,710
Multifamily Housing Revenue Bonds						
Sunset 2021 Series A	-	5,710	110	110	115	620
Total Multifamily Housing Revenue Bonds	-	-	5,710	110	55	595
Total principal	$ 58,253	$ 63,207	$ 75,492	$ 72,422	$ 75,229	$ 304,102
Variable rate principal	13,148	2,007	1,812	2,092	2,224	14,852
Interest						
Fixed	$ 45,103	$ 75,300	$ 68,989	$ 65,116	$ 61,073	$ 245,870
Variable	2,504	2,072	1,990	1,916	1,833	7,668
Total interest	$ 47,607	$ 77,372	$ 70,979	$ 67,032	$ 62,906	$ 253,538

	2034 2038	2039 2043	2044 2048	2049 2053	2054 2058	TOTAL
Single-Family Mortgage Bonds						
2000 Indenture	$ -	$ -	$ -	$ -	$ -	$ 7,150
2003 Indenture	13,085	-	-	-	-	40,660
2006 Indenture	6,870	780	-	-	-	17,135
2019 Indenture	67,700	70,445	89,160	20,500	4,830	441,155
	87,655	71,225	89,160	20,500	4,830	506,100
Grant Revenue and Revenue Anticipation Bonds						
2010 Series A	-	-	-	-	-	60,380
2011 Series A	-	-	-	-	-	-
2012 Series A	-	-	-	-	-	-
2014 Series A	-	-	-	-	-	45,990
2015 Series A	-	-	-	-	-	96,855
2017 Series A	-	-	-	-	-	68,425
2019 Series A	86,385	-	-	-	-	114,090
2021 Series A	43,855	60,975	-	-	-	172,860
Total GARVEE	130,240	60,975	-	-	-	558,600
Transportation Expansion and Congestion Mitigation Bonds						
2022 Series A	94,910	121,875	156,385	-	36,220	534,275
Total TECM	33,015	42,400	67,055	-	-	534,275
Multifamily Housing Revenue Bonds						
Sunset 2021 Series A	710	825	975	1,025	3,540	13,740
Total Multifamily Housing Revenue Bonds	-	1,300	-	-	5,970	13,740
Total principal	$ 250,910	$ 175,900	$ 156,215	$ 20,500	$ 10,800	$ 1,612,715
Variable rate principal	16,835	790	280	20,500	4,830	79,370
Interest						
Fixed	$ 170,631	$ 101,130	$ 43,765	$ -	$ -	$ 876,977
Variable	4,617	3,086	3,056	-	-	28,742
Total interest	$ 175,248	$ 104,216	$ 46,821	$ -	$ -	$ 905,719

Long-term bond liability and short-term borrowing activity for the years ended June 30, 2023, was as follows (in thousands):

June 30, 2023	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One year
Par Bonds Payable	$ 948,276	$ 758,805	$ (94,366)	$ 1,612,715	$ 58,253
Interest Payable	17,379	53,098	(40,208)	30,269	47,607
Net Unamortized (Discount)/Premium	112,118	72,487	(29,385)	155,220	43,102
Total bonds payable at June 30, 2023	$ 1,077,773	$ 884,390	$ (163,959)	$ 1,798,204	$ 148,962
Short-Term and Other Borrowing at June 30, 2023	$ 314,163	$ 298,346	$ (224,139)	$ 388,370	$ 388,370

Note 10 - Redemption of Bonds

Special redemptions were made in the following bond issues for the year ended June 30, 2023 (in thousands):

Bond Series Redeemed	Par Value of Bonds Redeemed	
	July 1, 2023	For the Year Ended June 30, 2023
Single-Family Mortgage Bonds		
Prior		
2000 Indenture	$ 1,300	$ 2,937
2003 Indenture	1,770	7,665
2006 Indenture	5,640	10,645
2009 Indenture	-	-
2019 Indenture	2,400	7,340
	11,110	28,587
Grant Revenue and Revenue Anticipation Bonds		
2011 Series A	-	
2012 Series A	-	18,485
	-	18,485
Special redeem all bonds	$ 11,110	$ 47,072

Note 11 - Tax Exempt Mortgage-Backed Securities

Tax-exempt mortgage-backed securities (TEMS) are tax-exempt securities which are collateralized by mortgage-backed securities. The TEMS are special, limited obligations of the Association and are payable solely from pledged mortgages and their revenues. The TEMS are secured by the mortgages, their related revenues, and the Ginnie Mae mortgage-backed security guarantee. Neither the State of Idaho nor any political subdivision thereof is obligated to pay the TEMS. Nor is the faith and credit, nor the taxing power of the State of Idaho or of any political subdivision thereof pledged for the payment of the principal or interest on the TEMS.

TEMS are collateralized by the mortgage loan pool with the same maturity terms as the TEMS. The payments from the mortgages are used to pay the principal and interest payments of the TEMS. The Association is the servicer for the mortgages. A Ginnie Mae authorized document custodian holds note and the deed of trust while the underlying mortgage loans are insured by the U.S. Federal Housing Administration (FHA) or the U.S. Department of Agriculture (USDA). These loans are then contributed to a mortgage-backed security, which is guaranteed by Ginnie Mae.

Series	Maturity Date	Security Rate	2023
IHFA HOMES 2014 A	May 2044	3.50%	$ 2,561
IHFA HOMES 2014 B	August 2044	3.50%	2,381
IHFA HOMES 2014 C	December 2044	3.50%	1,429
IHFA HOMES 2015 A	April 2045	3.00%	1,705
IHFA HOMES 2015 B	May 2045	3.00%	2,186
IHFA HOMES 2015 C	July 2045	3.00%	6,958
IHFA TEMS 2015A	October 2045	3.50%	4,959
IHFA TEMS 2015B	November 2045	3.00%	3,755
IHFA TEMS 2015C	December 2045	3.00%	4,658
IHFA TEMS 2016A	February 2046	3.00%	9,565
IHFA TEMS 2016B	March 2046	3.00%	2,231
IHFA TEMS 2016C	April 2046	3.00%	3,721
IHFA TEMS 2016D	May 2046	3.00%	5,352
IHFA TEMS 2016E	June 2046	3.00%	4,516
IHFA TEMS 2016F	July 2046	3.00%	3,973
IHFA TEMS 2016G	August 2046	3.00%	8,448
IHFA TEMS 2016H	September 2046	3.00%	3,567
IHFA TEMS 2016I	December 2046	3.00%	3,640
IHFA TEMS 2017A	January 2047	3.00%	5,428
IHFA TEMS 2017B	February 2047	3.00%	2,543
IHFA TEMS 2017C	April 2047	3.50%	4,554
IHFA TEMS 2017D	May 2047	3.50%	4,359
IHFA TEMS 2017E	July 2047	3.50%	3,628
IHFA TEMS 2017F	August 2048	3.00%	6,134
IHFA TEMS 2017G	September 2047	3.00%	4,870
IHFA TEMS 2017H	October 2047	3.00%	5,559
IHFA TEMS 2017I	November 2047	3.00%	5,730
IHFA TEMS 2017J	December 2047	3.00%	7,630
IHFA TEMS 2018A	January 2048	3.00%	3,919
IHFA TEMS 2018B	April 2048	3.50%	2,764
IHFA TEMS 2018C	July 2048	4.00%	3,112
IHFA TEMS 2018D	August 2048	4.00%	4,388
IHFA TEMS 2018E	October 2048	4.00%	6,774
IHFA TEMS 2018F	December 2048	4.00%	8,513
IHFA TEMS 2019A	January 2049	4.50%	5,175
IHFA TEMS 2019B	April 2049	4.00%	5,471
IHFA TEMS 2019C	June 2049	3.50%	6,510
IHFA TEMS 2019D	July 2019	4.00%	4,623
IHFA TEMS 2019E	August 2049	3.50%	6,710
Total Tax-Exempt Mortgage-back Securities (TEMS)			$ 183,999

A summary of TEMS activity for the periods reported is as follows (in thousands):

	Beginning Balance as of June 30, 2022	Additions	Reductions	Ending Balance as of June 30, 2023
Tax Exempt Mortgage Securities	$ -	$ -	$ (31,715)	$ (31,715)

The scheduled principal payments for the periods subsequent to, and as of, June 30, 2023, is as follows (in thousands):

Year	Principal Payments (in thousands)	Interest Payments (in thousands)
2024	$ 5,049	$ 6,753
2025	5,240	6,562
2026	5,437	6,364
2027	5,642	6,159
2028	5,855	5,945
2029-2033	32,760	26,235
2034-2038	39,421	19,558
2039-2043	47,436	11,522
2044-2049	37,159	2,426
Total	$ 183,999	$ 91,524

Note 12 - Derivatives

The Association has entered into multiple interest rate swap agreements to reduce the Association's overall cost of borrowing long-term capital and protect against the risk of rising interest rates. To do this, the Association issued variable rate debt in connection with the same Single-Family Mortgage Bond issues. The swap agreements, when combined with the associated variable rate debt, create a synthetic fixed rate debt obligation. From 2000 through 2008, the Association's use of these instruments allowed it to competitively price and acquire single-family loans while reducing interest rate risk.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* defines derivative instruments and requires that they be reported at fair value in the Statements of Net Position. The swap agreements the Association has entered into are characterized as derivatives. Offsetting changes in fair value are carried on the Statements of Net Position as either a deferred inflow or outflow or recognized in earnings of the current period as a change in investments fair value. Changes in fair value are reported depending on whether the derivative instrument is considered an effective hedge. Effective hedge fair value changes are reported as deferred inflows or outflows while non-effective hedge fair value changes are recognized in earnings in the current period. Statement No. 53 provides several methods for determining effectiveness.

The fair values of swap agreements were estimated as the approximate amount the Association's would pay a market participant to terminate the contractual positions as of June 30, 2023. While key assumptions and methods used in deriving fair value are proprietary; in general, the fair values are determined as the difference between the present value of the fixed-rate payments made to the counterparty and the variable-rate (based on interest rates as of June 30, 2023) payments paid to the Association. A positive fair value represents the amount due the Association by the counterparty upon termination of the swap while a negative fair value represents the amount payable by the Association. The fair value is reported in the Statement of Net Position at $2,917 million.

The Association has determined that a substantial portion of its interest rate swaps effectively hedge against changes in variable interest rates. As such, changes in fair value for hedge swaps are reported as a deferred outflow of resources in the Statement of Net Position of $7.911 million as of June 30, 2023. The Association reported no deferred inflows of resources of as of June 30, 2023. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statement of Net Position in Investments at June 30, 2023 at $2.299 million. This portion represents the notional amount of interest rate swaps that exceeds the notional amount of underlying variable debt.

The Association engaged an independent third party to calculate the fair values of contracts as of June 30, 2023. The results of the calculation correlate materially with the fair values provided by the Association's counterparties.

Credit risk: As of June 30, 2023, the Association is exposed to a negligible amount of counterparty credit risk on certain outstanding swaps due to their positive fair values. The Association's counterparty has a current rating of A+ (Fitch), A1 (Moody's), and A (S&P).

Basis risk: All but twenty-one of the Association's swaps have a dual basis: Securities Industry and Financial Markets Association (SIFMA) index plus 20 basis points when the one-month London Interbank Offered Rate (LIBOR) is less than either 3.5% or 4.0% (depending on the bond series) and 68% of LIBOR plus 20 basis points when LIBOR is 3.5% or greater. Four non-dual basis swaps have a basis of SIFMA plus 20 basis points, five have a basis of LIBOR plus 5 basis points, three have a basis of LIBOR plus 15 basis points, five have a basis of LIBOR plus 45 basis points, three have a basis of LIBOR plus 75 basis points, three has a basis of LIBOR plus 71 basis points and two has a basis of LIBOR plus 76 basis points. The Association is exposed to basis risk on dual basis swaps when variable payments received are based on LIBOR and do not offset the variable rate paid on bonds, which is based on SIFMA. On June 30, 2023, SIFMA is 3.565 percent and one-month LIBOR is 5.066 percent.

Rollover risk: Rollover risk relates to a mismatch in the amortization of the swaps with the amortization of the variable rate bonds. The Association has structured its debt such that not all variable debt is matched by interest rate swaps and calls certain variable rate bonds independent of the expiration of the associated interest rate swap. This exposes the Association to the risk of incurring a higher interest expense than it might otherwise incur. Swap notional amounts no longer associated with variable rate debt are reported as investment derivatives.

Termination risk: The Association or Barclays Capital may terminate an interest rate swap if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, the associated variable rate bonds would no longer carry synthetic fixed interest rates and the Association would be exposed to changing interest rates and incurring interest rate risk. A termination event also results in the loss of hedge accounting, requiring all fair value deferrals to be recognized immediately. The economic risk also includes requiring making payments to the counter party to the extent of any negative fair value amounts. The risk may be offset by identifying a suitable counter party willing to enter into identical swap contracts at the termination date.

The swaps were entered into for the purpose of hedging the change in interest rates of specific series of variable rate bonds. From time to time, certain hedged bonds may be redeemed early, refinanced or reissued resulting in the termination of existing hedging relationships and the creation of new hedging relationships if permitted. The accounting rules provide that at the time such events occur, the swap's then fair value, or balance in the deferral account, for the related swap should be reduced to zero and offset by a new balance which shall be amortized on fixed rate interest expense basis over a period equal to the shorter of the remaining term of the refunding bonds, refunded bonds, or swap. In future periods reductions in the amortizing balances are recorded as interest expense, and to the extent a new hedging relationship can be established by the swap, it is a hedging swap and future changes in fair value are recorded as deferred inflows/outflows. If no new hedging relationship can be established, it is an investment swap and the change in fair value for the swap is recognized as investment earnings in the current period.

Hedging Fair Values in the table below include the value of the amortizing balances.

Interest Rate Swap Agreements
(in thousands)
2023

Parity		Outstanding Notional Amount		Fair Values		Change in Fair Values	
Indenture	Series	Hedging	Investment	Hedging	Investment	Hedging	Investment
2014A	2001 Series D	-	-	-	-	2	-
2014A	2001 Series E	-	-	-	-	2	-
2014A	2002 Series D	-	-	-	-	1	-
2014A	2002 Series F	310	-	4	-	10	-
2014A	2002 Series G	310	-	4	-	11	-
2015A	2003 Series A	1,615	-	3	-	52	-
2015A	2003 Series B	630	-	8	-	17	-
2015A	2003 Series C	665	-	7	-	15	-
2014A	2003 Series D	1,330	-	5	-	46	-
2016A	2003 Series E	-	1,330	(16)	25	48	(7)
2016A	2004 Series A	1,445	-	12	-	39	-
2016A	2004 Series B	1,950	-	(7)	-	61	-
2016A	2004 Series C	-	1,435	(19)	30	48	(5)
2016A	2004 Series D	2,920	-	(12)	-	72	-
2016A	2005 Series A	3,180	-	(32)	-	78	-
2009A	2005 Series B	-	3,035	62	(108)	(15)	99
2009A	2005 Series C	-	3,090	59	(90)	(14)	91
2016A	2005 Series D	3,180	-	(25)	-	79	-
2016A	2005 Series E	3,290	-	(35)	-	83	-
2009A	2005 Series F	-	3,505	73	(145)	(18)	117
2009A	2006 Series A	3,530	-	(76)	-	100	-
2009A	2006 Series B	1,170	-	(6)	-	42	-
2009A	2006 Series C	1,030	-	(4)	-	38	-
2009A	2006 Series D	1,200	-	(5)	-	50	-
2012A	2007 Series D	2,600	-	70	-	88	-
2012A	2007 Series G	9,125	-	(156)	-	506	-
2012A	2007 Series H	-	13,485	(1,169)	1,190	443	223
2012A	2007 Series J	9,725	-	(134)	-	516	-
2012A	2007 Series K	-	9,510	(686)	474	39	474
2013A	2006 Series E	-	1,845	(5)	29	43	32
2013A	2006 Series F	-	1,865	(1)	28	39	32
2013A	2006 Series G	1,790	-	27	-	66	-

Interest Rate Swap Agreements
(in thousands)
2023

Parity ndenture	Series	Fixed Rate Paid by IHFA	Variable Rate Received by IHFA from Interest Rate Contract Provider	Interest Rate Contract Provider	Credit Rating	Scheduled Termination Date	Inception Date
2014A	2001 Series D	4.730%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	7/1/2022	11/6/2008
2014A	2001 Series E	4.530%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	7/1/2022	11/6/2008
2014A	2002 Series D	4.710%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	7/1/2022	11/6/2008
2014A	2002 Series F	3.790%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	1/1/2024	11/6/2008
2014A	2002 Series G	4.140%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	1/1/2024	11/6/2008
2015A	2003 Series A	4.519%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	1/1/2026	11/6/2008
2015A	2003 Series B	4.036%	100% 1W SIFMA + 20 bp	Barclays Capital	A/A1	7/1/2024	11/6/2008
2015A	2003 Series C	3.780%	100% 1W SIFMA + 20 bp	Barclays Capital	A/A1	7/1/2025	11/6/2008
2014A	2003 Series D	4.840%	100% 1W SIFMA + 20 bp	Barclays Capital	A/A1	7/1/2025	11/6/2008
2016A	2003 Series E	4.530%	100% 1W SIFMA + 20 bp	Barclays Capital	A/A1	7/1/2025	7/6/2016
2016A	2004 Series A	4.029%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	1/1/2026	7/6/2016
2016A	2004 Series B	4.370%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	1/1/2027	7/6/2016
2016A	2004 Series C	4.330%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	7/1/2025	7/6/2016
2016A	2004 Series D	3.850%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	1/1/2028	7/6/2016
2016A	2005 Series A	3.900%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	1/1/2029	7/6/2016
2009A	2005 Series B	3.985%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	7/1/2028	11/7/2008
2009A	2005 Series C	3.730%	68% 1M (or SIFMA 1M<3.5%) +20	Barclays Capital	A/A1	7/1/2028	11/7/2008
2016A	2005 Series D	3.865%	68% 1M (or SIFMA 1M<4.0%) +20	Barclays Capital	A/A1	7/1/2028	7/6/2016
2016A	2005 Series E	3.930%	68% 1M (or SIFMA 1M<4.0%) +20	Barclays Capital	A/A1	1/1/2029	7/6/2016
2009A	2005 Series F	4.095%	68% 1M (or SIFMA 1M<4.0%) +20	Barclays Capital	A/A1	1/1/2029	11/7/2008
2009A	2006 Series A	4.100%	68% 1M (or SIFMA 1M<4.0%) +20	Barclays Capital	A/A1	1/1/2029	11/7/2008
2009A	2006 Series B	4.350%	68% 1M (or SIFMA 1M<4.0%) +20	Barclays Capital	A/A1	7/1/2025	11/7/2008
2009A	2006 Series C	4.360%	68% 1M (or SIFMA 1M<4.0%) +20	Barclays Capital	A/A1	1/1/2025	11/7/2008
2009A	2006 Series D	4.450%	68% 1M (or SIFMA 1M<4.0%) +20	Barclays Capital	A/A1	1/1/2025	11/7/2008
2012A	2007 Series D	4.893%	100% 1M LIBOR + 71 bp	Barclays Capital	A/A1	1/1/2026	7/1/2016
2012A	2007 Series G	4.691%	100% 1M LIBOR + 5 bp	Barclays Capital	A/A1	7/1/2028	1/1/2013
2012A	2007 Series H	5.198%	100% 1M LIBOR + 76 bp	Barclays Capital	A/A1	7/1/2030	7/1/2016
2012A	2007 Series J	4.415%	100% 1M LIBOR + 5 bp	Barclays Capital	A/A1	7/1/2028	7/3/2017
2012A	2007 Series K	4.231%	100% 1M LIBOR + 5 bp	Barclays Capital	A/A1	7/1/2030	7/3/2017
2013A	2006 Series E	5.518%	100% 1M LIBOR + 75 bp	Barclays Capital	A/A1	1/1/2026	7/3/2017
2013A	2006 Series F	5.290%	100% 1M LIBOR + 75 bp	Barclays Capital	A/A1	1/1/2026	7/3/2017
2013A	2006 Series G	5.167%	100% 1M LIBOR + 75 bp	Barclays Capital	A/A1	1/1/2026	7/3/2017

Interest Rate Swap Agreements
(in thousands)
2023

2013A	2007 Series A	2,385	-	32	-	97	-
2013A	2007 Series B	2,700	-	32	-	110	-
2013A	2007 Series C	-	2,970	(39)	67	59	67
2013A	2008 Series A	-	9,510	(695)	475	228	286
2013A	2008 Series B	-	7,635	(185)	237	84	256
2013A	2008 Series C	-	3,415	(8)	63	64	63
2013A	2008 Series D	-	1,280	-	24	17	27
		$ 56,080	$ 63,910	$ (2,917)	$ 2,299	$ 3,244	$ 1,755

Interest Rate Swap Agreements
(in thousands)
2023

2013A	2007 Series A	5.031%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	7/1/2026	7/3/2017
2013A	2007 Series B	4.882%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	1/1/2027	7/3/2017
2013A	2007 Series C	4.972%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	1/1/2027	7/3/2017
2013A	2008 Series A	4.382%	100% 1M LIBOR + 5 bp	Barclays Capital	A/A1	7/1/2030	7/3/2017
2013A	2008 Series B	4.235%	100% 1M LIBOR + 5 bp	Barclays Capital	A/A1	7/1/2029	7/3/2017
2013A	2008 Series C	4.719%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	7/1/2026	7/3/2017
2013A	2008 Series D	4.437%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	7/1/2026	7/3/2017

At June 30, 2023, the Association had $752.000 million in forward sales contracts (“To Be Announced” or “TBA” contracts) to issue GNMA securities in order to lock in the sales price for the securitization of single-family loans. These securities represent pools of qualified first mortgage loans originated by Association-approved lenders and brokers. Under this program, the Association periodically enters into forward contracts to sell GNMA Mortgage-Backed Securities to investors before the securities are ready for delivery. The Association enters into TBA mortgage-backed security Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. These contracts are considered investment derivatives and are not rated.

TBA Forward Contracts
(in thousands)
2023

Contract	Coupon rate	Outstanding Notional Amount	Fair Values	Counterparty Credit Rating
July 20, 2023	6.00%	$ 40,000	$ 169	AAA/Aaa
July 13, 2023	4.50%	3,000	34	AAA/Aaa
August 14, 2023	5.00%	6,000	35	AAA/Aaa
September 14, 2023	5.50%	10,000	40	AAA/Aaa
July 20, 2023	3.50%	5,000	1	AAA/Aaa
August 14, 2023	4.50%	6,000	30	AAA/Aaa
July 20, 2023	6.00%	110,000	309	AAA/Aaa
August 21, 2023	6.00%	5,000	(19)	AAA/Aaa
July 20, 2023	5.00%	29,000	127	AAA/Aaa
August 14, 2023	5.00%	32,500	196	AAA/Aaa
July 20, 2023	6.00%	10,000	10	AAA/Aaa
July 13, 2023	6.00%	6,000	47	AAA/Aaa
August 21, 2023	5.00%	8,000	(60)	AAA/Aaa
July 20, 2023	5.50%	8,000	95	AAA/Aaa
July 20, 2023	6.00%	9,000	(1)	AAA/Aaa
July 20, 2023	5.50%	5,000	20	AAA/Aaa
August 14, 2023	4.50%	5,000	(26)	AAA/Aaa
August 14, 2023	6.00%	2,000	5	AAA/Aaa
July 20, 2023	6.00%	5,000	21	AAA/Aaa
July 20, 2023	5.50%	20,000	25	AAA/Aaa
July 20, 2023	5.00%	5,000	16	AAA/Aaa
July 20, 2023	4.00%	6,000	18	AAA/Aaa
August 14, 2023	5.50%	40,000	207	AAA/Aaa
July 20, 2023	4.50%	4,000	13	AAA/Aaa
August 14, 2023	6.00%	7,000	30	AAA/Aaa
July 13, 2023	5.00%	5,000	69	AAA/Aaa
July 13, 2023	5.50%	5,000	68	AAA/Aaa
August 14, 2023	5.50%	4,000	21	AAA/Aaa
July 13, 2023	4.50%	5,000	72	AAA/Aaa
July 20, 2023	5.00%	9,000	20	AAA/Aaa
August 14, 2023	5.50%	6,000	(7)	AAA/Aaa
August 14, 2023	5.00%	16,000	101	AAA/Aaa
August 14, 2023	5.00%	3,500	21	AAA/Aaa
July 20, 2023	6.00%	20,000	131	AAA/Aaa
August 21, 2023	5.00%	7,000	21	AAA/Aaa
August 14, 2023	4.50%	5,000	29	AAA/Aaa
August 14, 2023	4.50%	3,000	11	AAA/Aaa
July 13, 2023	5.00%	13,000	181	AAA/Aaa
July 13, 2023	5.00%	3,000	49	AAA/Aaa
September 14, 2023	4.50%	10,000	42	AAA/Aaa
July 13, 2023	5.50%	3,000	27	AAA/Aaa
July 20, 2023	4.50%	10,000	17	AAA/Aaa
September 14, 2023	5.50%	15,000	59	AAA/Aaa
July 13, 2023	5.50%	7,250	83	AAA/Aaa

TBA Forward Contracts
(in thousands)
2023

July 20, 2023	5.50%	20,000	148	AAA/Aaa
July 20, 2023	5.50%	20,000	38	AAA/Aaa
July 13, 2023	5.50%	6,000	69	AAA/Aaa
July 13, 2023	5.50%	8,000	96	AAA/Aaa
August 14, 2023	5.50%	5,000	28	AAA/Aaa
August 14, 2023	4.00%	750	3	AAA/Aaa
July 20, 2023	3.50%	55,000	(204)	AAA/Aaa
July 20, 2023	6.00%	15,000	49	AAA/Aaa
August 14, 2023	4.50%	5,000	22	AAA/Aaa
August 14, 2023	5.50%	6,000	22	AAA/Aaa
July 20, 2023	5.00%	30,000	52	AAA/Aaa
August 14, 2023	5.50%	6,000	32	AAA/Aaa
July 13, 2023	4.50%	6,000	78	AAA/Aaa
August 21, 2023	6.00%	10,000	(58)	AAA/Aaa
September 14, 2023	4.50%	10,000	6	AAA/Aaa
July 13, 2023	4.50%	13,000	117	AAA/Aaa
		$ 752,000	$ 2,855	

Note 13 - Retirement Plans

The Idaho Housing and Finance Association Defined Contribution Retirement Plan covers substantially all Association employees. The Association contributes eight percent of annual compensation for each eligible permanent employee to a segregated account held in trust by Principle Insurance. Employees are eligible to participate in the retirement plan after completion of 1,040 hours (6 months) of continuous employment, and 100 percent vesting is achieved ratably over a period of five years. Plan provisions and contribution requirements are established, and may be amended, by the Association. The Association’s retirement plan expense for the year ending June 30, 2023, was $1.863 million. Employees do not contribute to this Plan.

The Association also offers a deferred compensation plan qualified under Section 457 of the Internal Revenue Code. All employees who have completed 30 days of continuous employment with the Association are eligible to participate. The plan permits employees to defer up to 99 percent per year (or a maximum of $22,500 for those under 50 and $30,000 for those 50 and older), of salary before taxes. The Association will match up to two percent of the employee’s deferral to be deposited into the employee’s account and immediately vested. The Association’s deferred compensation plan expense for the year ending June 30, 2023 was $320,000. Investment choices for all contributions are employee-directed. The assets for these retirement plans are not included in the Association’s financial statements as they are substantially the property of employees and are held in segregated trust accounts.

Note 14 - Conduit Debt Obligations

GASB Statement No. 91 requires disclosure of conduit debt obligations. Conduit debt obligations are certain limited obligation debt instruments issued for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. From time to time, the Association has issued bonds to provide financial assistance to entities for the construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the entity served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2023, there were sixty-eight series of bonds outstanding that meet the description of conduit debt obligations not included in the Association's financial statements. They had aggregate principal amounts payable of $645.908 million.

The Association services conduit debt obligations for housing and transportation-related bond issuances. The Association is not obligated in any manner for repayment of these housing and transportation related conduit debt obligations. The Association has determined that this series of bonds outstanding meet the description of conduit debt obligations. The total outstanding indebtedness and accrued interest as of June 30, 2023 is $1.262 billion.

Note 15 - Risk Management

The Association maintains commercial insurance coverage for officer errors and omissions, tort claims, and property loss and other casualties. WCF National Insurance Company writes the Association's worker's compensation coverage. The Association's premiums and loss experience modifications are based on the loss experience of the Association.

Note 16 - Component Units

THC was formed to develop, acquire and operate real estate for the benefit of elderly, disadvantaged, limited income or otherwise needy persons throughout the state of Idaho. As of December 31, 2022, THC had acquired and was operating fifteen multifamily housing complexes; had constructed and was operating twenty multifamily housing complexes; had constructed two additional phases of housing to existing developments; had completed renovations of two hotels and turned them into a new multifamily complex; had built a single family home known as The Cottage with HOME funds; had purchased a single family home in Canyon County with federal NSP funds and turned it into special needs housing as intended by the program; had purchased three duplexes in Canyon County with federal NSP funds to rent as affordable housing; had constructed and sold three homes in Nez Perce County with HOME funds; had completed construction on three duplexes in Kuna with HOME and Housing Trust Fund moneys; had started construction on two multi-family complexes in Nampa, Idaho, and Caldwell, Idaho and had purchased land in Meridian, Nampa, and Twin Falls, Idaho, with the intent of constructing three other multi-family complexes. Certain personnel of the Association provide services to THC and an equal number of Association Commissioners serve on THC's Board. As of December 31, 2021, three Association Commissioners and the Association's President serve on THC's Board of Directors. As of June 30, 2023, THC paid the Association $1.612 million for expenses associated with THC operations. THC owed $0.154 million for the year ended June 30, 2023. As of June 30, 2023, ICIH had notes receivable of $4.560 million with THC. IHFA is holding a bond for the construction of the Sunset Landing multi-family project in Caldwell, Idaho, of $13.740 million as of June 30, 2023. Complete financial statements for THC can be obtained from THC at P.O. Box 7899, Boise, ID 83707.

THC processes and pays vendor invoices for one IHFA owned REO rental property. The Association reimburses THC for amounts paid on a quarterly basis.

HPF helps people build a strong foundation for their lives through stable, safe, and affordable housing by making available financial resources they would not be able to obtain elsewhere. The Foundation supports shelters and shelter services for Idaho's homeless and most disadvantaged, encourages financial independence by educating individuals and families, invests in workforce housing, and facilitates tax-advantaged land donations for housing development. HPF's Board of Directors, consists primarily of Association Commissioners plus one non-Association Commission member. Certain general, administrative and fundraising expenses of the Foundation are paid by the Association. The Association also provides occupancy, accounting, gift receipting and cash management services to the Foundation. The value of these services is not reflected in the accompanying financial statements since they are not susceptible to objective measurement or valuation. Complete financial statements for HPF can be obtained from HPF at P.O. Box 7899, Boise, ID 83707.

ICIH was formed to own and hold the real property associated with projects created to support IHFA's mission. ICIH is an Idaho limited liability company with IHFA being the sole member. ICIH has an agreement with THC related to the Teton Mesa 4 and Canyon Terrace multifamily projects. ICIH has a receivable from THC of $4.560 million in relation to these projects as of June 30, 2023.

Supplementary Information
June 30, 2023

Idaho Housing and Finance Association

Idaho Housing and Finance Association

Combined Statement of Net Position – Association Accounts

June 30, 2023

(in thousands)

	Business Operations											
	General Operating and Custodial Accounts	Federally Assisted Program	Combined	Affordable Housing Investment Trust	Rating Compliance and Loan Guarantee Trust	Combined Bondholder Trusts (1)	Interfund Eliminations	All Association Accounts	The Home Partnership Foundation	Idaho Community Investment Holdings, LLC	Inter-Component Unit Eliminations	All Reporting Entity Accounts
Statement of Net Position												
Assets and Deferred Outflow of Resources												
Cash and cash equivalents	$ 45,708	$ -	$ 45,708	$ 1,199	$ -	$ -	$ -	$ 46,907	$ 181	$ -	$ -	$ 47,088
Cash and cash equivalents held in trust or as agent	127,352	100,678	228,030	-	-	-	-	228,030	4,830	265	-	233,125
Cash held in escrow	211,223	-	211,223	-	-	-	-	211,223	-	-	-	211,223
Investments, fair value	19,536	-	19,536	2,848	-	-	-	22,384	-	-	-	22,384
Investments held in trust, fair value	236,707	-	236,707	-	8,635	1,100,667	-	1,346,009	522	-	-	1,346,531
Loans held for investment, net	85,951	1,756	87,707	75,796	4,129	87,065	-	254,697	29	6,036	-	260,762
Loans available for sale	98,566	-	98,566	-	-	-	-	98,566	-	-	-	98,566
Loan servicing contracts	237,912	-	237,912	-	-	-	-	237,912	-	-	-	237,912
Loans pending modification	3,144	-	3,144	-	-	-	-	3,144	-	-	-	3,144
Property and equipment	7,122	-	7,122	43	-	-	-	7,165	-	5,614	-	12,779
Right-of-use Lease Asset	1,177	-	1,177	-	-	-	-	1,177	-	-	-	1,177
Derivative Assets	2,855	-	2,855	-	-	-	-	2,855	-	-	-	2,855
Other assets	119,417	(260)	119,157	46,103	109,442	12,802	(182,256)	105,248	-	(40)	-	105,208
Tax exempt mortgage securities asset	183,999	-	183,999	-	-	-	-	183,999	-	-	-	183,999
State of Idaho GARVEE and TECM Assets	-	-	-	-	-	654,360	-	654,360	-	-	-	654,360
Deferred outflow---interest rate swap contracts, amortized	-	-	-	-	-	7,095	-	7,095	-	-	-	7,095
Deferred outflow---interest rate swap contracts, fair value	-	-	-	-	-	816	-	816	-	-	-	816
Total assets and deferred outflow of resources	$ 1,380,669	$ 102,174	$ 1,482,843	$ 125,989	$ 122,206	$ 1,862,805	$ (182,256)	$ 3,411,587	$ 5,562	$ 11,875	$ -	$ 3,429,024
Liabilities, Deferred Inflow of Resources, and Net Position												
Short-Term and Other Borrowings	$ 388,370	$ -	$ 388,370	$ -	$ -	$ -	$ -	$ 388,370	$ -	$ -	$ -	$ 388,370
Bonds	-	-	-	-	-	1,798,204	-	1,798,204	-	-	-	1,798,204
Tax exempt mortgage securities liability	183,999	-	183,999	-	-	-	-	183,999	-	-	-	183,999
Interest payable-swap contract	-	-	-	-	-	2,709	-	2,709	-	-	-	2,709
Investor remittance liability	108,700	-	108,700	-	-	-	-	108,700	-	-	-	108,700
Escrow and project reserve deposits	203,467	328	203,795	-	-	-	-	203,795	-	-	-	203,795
Swap contract fair value liability	-	-	-	-	-	2,917	-	2,917	-	-	-	2,917
Derivative Liabilities	14,965	-	14,965	-	-	-	-	14,965	-	-	-	14,965
Other liabilities	223,516	100,684	324,200	15	-	324	(182,256)	142,283	101	-	-	142,384
Net Inv in capital assets	7,122	-	7,122	43	-	-	-	7,165	-	5,614	-	12,779
Bond Funds	-	-	-	-	-	58,651	-	58,651	-	-	-	58,651
Federal Programs	-	1,162	1,162	-	-	-	-	1,162	-	-	-	1,162
The Home Partnership Fndn, Inc	-	-	-	-	-	-	-	-	5,461	-	-	5,461
Idaho Comm Invst Holdings, LLC	-	-	-	-	-	-	-	-	-	6,261	-	6,261
Unrestricted	250,530	-	250,530	125,931	122,206	-	-	498,667	-	-	-	498,667
Total liabilities, deferred inflow of resources, and net position	$ 1,380,669	$ 102,174	$ 1,482,843	$ 125,989	$ 122,206	$ 1,862,805	$ (182,256)	$ 3,411,587	$ 5,562	$ 11,875	$ -	$ 3,429,024

Combined Statement of Revenues, Expenses, and Changes in Net Position – Association Accounts
Year Ended June 30, 2023
(in thousands)

	Business Operations											
	General Operating and Custodial Accounts	Federally Assisted Program	Combined	Affordable Housing Investment Trust	Rating Compliance and Loan Guarantee Trust	Combined Bondholder Trusts (1)	Interfund Eliminations	All Association Accounts	The Home Partnership Foundation	Idaho Community Investment Holdings, LLC	Inter-Component Unit Eliminations	All Reporting Entity Accounts
Statement of Revenues, Expenses and Changes in Net Position												
Operating Revenues												
Gains on loan sales	$ 12,733	$ -	$ 12,733	$ -	$ -	$ -	$ -	$ 12,733	$ -	$ -	$ -	$ 12,733
Interest on loans and GARVEE pledged revenues	15,506	1	15,507	2,940	1,521	29,722	-	49,690	-	-	-	49,690
Interest on investments	2,848	293	3,141	105	193	20,018	-	23,457	18	4	-	23,479
Loan servicing fees	62,687	-	62,687	2	6	108	-	62,803	-	-	-	62,803
Contract and grant administration fees	17,901	-	17,901	-	-	-	-	17,901	780	-	(780)	17,901
Other operating revenues	2,320	40	2,360	-	-	14	-	2,374	2,224	307	-	4,905
Total operating revenues	113,995	334	114,329	3,047	1,720	49,862	-	168,958	3,022	311	(780)	171,511
Operating Expenses												
Loan acquisition costs	24,277	-	24,277	-	-	-	-	24,277	-	-	-	24,277
Interest	20,991	-	20,991	-	-	50,274	-	71,265	-	-	-	71,265
Salaries and benefits	32,822	-	32,822	-	-	-	-	32,822	134	-	-	32,956
General operating	21,779	307	22,086	6	6	514	-	22,612	253	28	-	22,893
Bond financing costs	-	-	-	-	-	108	-	108	-	-	-	108
Grants to others	-	-	-	780	-	-	-	780	1,361	97	(780)	1,458
Loss on real estate owned properties	4,085	66	4,151	41	-	(38)	-	4,154	-	-	-	4,154
Other operating expenses	1,532	-	1,532	-	-	-	-	1,532	-	59	-	1,591
Total operating expenses	105,486	373	105,859	827	6	50,858	-	157,550	1,748	184	(780)	158,702
Operating Income (Loss)	8,509	(39)	8,470	2,220	1,714	(996)	-	11,408	1,274	127	-	12,809
Nonoperating Revenues and (Expenses)												
Net increase (decrease) in fair value of investments	(12,784)	-	(12,784)	-	(22)	(3,444)	-	(16,250)	-	-	-	(16,250)
Net increase (decrease) in fair value of derivatives	(13,482)	-	(13,482)	-	-	1,106	-	(12,376)	-	-	-	(12,376)
Net increase (decrease) in fair value of servicing contracts	(114,371)	-	(114,371)	-	-	-	-	(114,371)	-	-	-	(114,371)
Federal pass-through revenues	-	114,918	114,918	-	-	-	-	114,918	-	-	-	114,918
Federal pass-through expenses	-	(114,633)	(114,633)	-	-	-	-	(114,633)	-	-	-	(114,633)
Total nonoperating revenues and (expenses)	(140,637)	285	(140,352)	-	(22)	(2,338)	-	(142,712)	-	-	-	(142,712)
Change in Net Position	(132,128)	246	(131,882)	2,220	1,692	(3,334)	-	(131,304)	1,274	127	-	(129,903)
Net Position, Beginning of Period	405,409	1,255	406,664	134,367	103,257	55,974	-	700,262	4,187	8,435	-	712,884
Transfers	(15,629)	(339)	(15,968)	(10,613)	17,257	6,011	-	(3,313)	-	3,313	-	-
Net Position, End of Period	$ 257,652	$ 1,162	$ 258,814	$ 125,974	$ 122,206	$ 58,651	$ -	$ 565,645	$ 5,461	$ 11,875	$ -	$ 582,981

(1) The detail of the Combined Bondholder Trusts is presented on pages 51-54.

(in thousands)

	2000 Indenture	2003 Indenture	2006 Indenture	2009 Indenture	2019 Indenture	Multi-Family Bond	2010A Grant and Revenue Anticipation Bond	2011 Grant and Revenue Anticipation Bond	2012A Grant and Revenue Anticipation Bond
Statement of Net Position									
Assets and Deferred Outflow of Resources									
Cash and cash equivalents held in trust	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments, fair value held in trust	3,222	27,595	11,852	-	448,262	2,367	5,558	-	-
Loans held for investment, net	10,721	26,277	18,926	-	31,141	-	-	-	-
Other assets	142	228	572	9	110	11,741	-	-	-
State of Idaho GARVEE and TECM Assets	-	-	-	-	-	-	56,757	-	-
Deferred outflow---interest rate swap contracts, amortized value	4	1,289	5,597	-	205	-	-	-	-
Deferred outflow---interest rate swap contracts, fair value	2	(461)	1,395	-	(120)	-	-	-	-
Total assets and deferred outflow of resources	$ 14,091	$ 54,928	$ 38,342	$ 9	$ 479,598	$ 14,108	$ 62,315	$ -	$ -
Liabilities, Deferred Inflow of Resources and net position									
Bonds	$ 7,343	$ 42,029	$ 17,539	$ -	$ 455,685	$ 13,879	$ 62,315	$ -	$ -
Interest payable-swap contract	13	770	1,809	-	117	-	-	-	-
Swap contract fair value liability	(7)	58	2,898	-	(32)	-	-	-	-
Other liabilities	11	148	19	-	146	-	-	-	-
Deferred inflow--interest rate swap contracts	-	-	-	-	-	-	-	-	-
Net position	6,731	11,923	16,077	9	23,682	229	-	-	-
Total liabilities, deferred inflow of resources and net position	$ 14,091	$ 54,928	$ 38,342	$ 9	$ 479,598	$ 14,108	$ 62,315	$ -	$ -

Idaho Housing and Finance Association
Combined Statement of Net Position – Combined Bondholder Trusts
June 30, 2023
(in thousands)

	2014A Grant and Revenue Anticipation Bond	2015A Grant and Revenue Anticipation Bond	2017A Grant and Revenue Anticipation Bond	2019A Grant and Revenue Anticipation Bond	2021A Grant and Revenue Anticipation Bond	Transportation Expansion and Congestion Mitigation Bond	Combined Bonds
Statement of Net Position							
Assets and Deferred Outflow of Resources							
Cash and cash equivalents held in trust	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments, fair value held in trust	5,353	23,323	10,588	3,248	47,793	511,506	1,100,667
Loans held for investment, net	-	-	-	-	-	-	87,065
Other assets	-	-	-	-	-	-	12,802
State of Idaho GARVEE and TECM Assets	44,412	78,818	64,562	132,589	169,444	107,778	654,360
Deferred outflow---interest rate swap contracts, amortized value	-	-	-	-	-	-	7,095
Deferred outflow---interest rate swap contracts, fair value	-	-	-	-	-	-	816
Total assets and deferred outflow of resources	$ 49,765	$ 102,141	$ 75,150	$ 135,837	$ 217,237	$ 619,284	$ 1,862,805
Liabilities, Deferred Inflow of Resources and Net Position							
Bonds	$ 49,765	$ 102,141	$ 75,150	$ 135,837	$ 217,237	$ 619,284	$ 1,798,204
Interest payable-swap contract	-	-	-	-	-	-	2,709
Swap contract fair value liability	-	-	-	-	-	-	2,917
Other liabilities	-	-	-	-	-	-	324
Deferred inflow--interest rate swap contracts	-	-	-	-	-	-	-
Net position	-	-	-	-	-	-	58,651
Total liabilities, deferred inflow of resources and net position	$ 49,765	$ 102,141	$ 75,150	$ 135,837	$ 217,237	$ 619,284	$ 1,862,805

(in thousands)

	2000 Indenture	2003 Indenture	2006 Indenture	2009 Indenture	2019 Indenture	Multi-Family Bond	2010A Grant and Revenue Anticipation Bond	2011 Grant and Revenue Anticipation Bond	2012A Grant and Revenue Anticipation Bond
Statement of Revenues, Expenses and Changes in Net Position									
Operating Revenues									
Interest on loans and GARVEE pledged revenues	$ 665	$ 1,497	$ 1,287	$ -	$ 1,060	$ -	$ 3,771	$ -	$ 27
Interest on investments	209	809	516	-	10,880	467	46	-	7
Loan servicing fees	-	31	52	-	25	-	-	-	-
Other operating revenues	-	-	14	-	-	-	-	-	-
Total operating revenues	874	2,337	1,869	-	11,965	467	3,817	-	34
Operating Expenses									
Interest	363	1,913	1,973	-	13,569	278	3,800	-	34
General operating	7	128	26	-	180	-	17	-	-
Bond financing costs	-	-	-	-	108	-	-	-	-
Losses on real estate-owned property	-	-	(38)	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	-
Total operating expenses	370	2,041	1,961	-	13,857	278	3,817	-	34
Operating Income (Loss)	504	296	(92)	-	(1,892)	189	-	-	-
Nonoperating Revenues and (Expenses)									
Net increase (decrease) in fair value of investments	(176)	(1,503)	(662)	-	(1,104)	-	-	-	-
Net increase (decrease) in fair of derivatives	(31)	115	1,057	-	(35)	-	-	-	-
Total nonoperating revenues and (expenses)	(207)	(1,388)	395	-	(1,139)	-	-	-	-
Change in Net Position	297	(1,092)	303	-	(3,031)	189	-	-	-
Net Position, Beginning of Period	6,433	5,785	31,378	9	12,329	40	-	-	-
Transfers	1	7,230	(15,604)	-	14,384	-	-	-	-
Net Position, End of Period	$ 6,731	$ 11,923	$ 16,077	$ 9	$ 23,682	$ 229	$ -	$ -	$ -

Idaho Housing and Finance Association

Combined Statement of Revenues, Expenses, and Changes in Net Position – Combined Bondholder Trusts
Year Ended June 30, 2023
(in thousands)

	2014A Grant and Revenue Anticipation Bond	2015A Grant and Revenue Anticipation Bond	2017A Grant and Revenue Anticipation Bond	2019A Grant and Revenue Anticipation Bond	2021A Grant and Revenue Anticipation Bond	Transportation Expansion and Congestion Mitigation Bond	Combined Bonds
Statement of Revenues, Expenses and Changes in Net Position							
Operating Revenues							
Interest on loans and GARVEE pledged revenues	$ 1,894	$ 3,853	$ 2,221	$ 4,330	$ 3,672	$ 5,446	$ 29,723
Interest on investments	18	72	33	24	1,671	5,266	20,018
Loan servicing fees	-	-	-	-	-	-	108
Other operating revenues	-	-	-	-	-	-	14
Total operating revenues	1,912	3,925	2,254	4,354	5,343	10,712	49,863
Operating Expenses							
Interest	1,900	3,903	2,237	4,326	5,305	10,673	50,274
General operating	12	22	17	28	38	39	514
Bond financing costs	-	-	-	-	-	-	108
Losses on real estate-owned property	-	-	-	-	-	-	(38)
Other operating expenses	-	-	-	-	-	-	-
Total operating expenses	1,912	3,925	2,254	4,354	5,343	10,712	50,858
Operating Income (Loss)	-	-	-	-	-	-	(995)
Nonoperating Revenues and (Expenses)							
Net increase (decrease) in fair value of investments	-	-	-	-	-	-	(3,445)
Net increase (decrease) in fair of derivatives	-	-	-	-	-	-	1,106
Total nonoperating revenues and (expenses)	-	-	-	-	-	-	(2,339)
Change in Net Position	-	-	-	-	-	-	(3,334)
Net Position, Beginning of Period	-	-	-	-	-	-	55,974
Transfers	-	-	-	-	-	-	6,011
Net Position, End of Period	$ -	$ -	$ -	$ -	$ -	$ -	$ 58,651