



**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Basic Financial Statements and  
Supplementary Information

December 31, 2023 and 2022

(Unaudited)

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

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**VIRGINIA HOUSING AND DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Summary of the Quarterly Report

December 31, 2023 and 2022

(Unaudited)

This condensed report provides highlights of the financial performance of the Virginia Housing Development Authority (the Authority) for the second quarter of fiscal year 2024. The information provided is an abbreviated version of the full financial report published annually. Sections and notes included are based on an analysis of significant interim information necessary to provide an accurate representation of the Authority's year-to-date activity.

The basic financial statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, the Statements of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position and the accompanying abbreviated notes to the basic financial statements constitute the condensed financial statements.

The *Statement of Net Position* reports all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, presented in order of liquidity and using the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is presented as net position and is displayed in three components: net investment in capital assets; restricted portion of net position; and unrestricted portion of net position. Net position is restricted when external constraints are placed upon their use, such as bond indentures, legal agreements, or statutes. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* identifies all the Authority's revenues and expenses for the reporting period, distinguishing between operating and nonoperating activities. This statement measures the success of the Authority's operations for the second quarter and can be used to determine whether the Authority has successfully recovered all of its costs through mortgage loan income, investment income, externally funded programs and other revenue sources.

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing, and investing activities. This statement provides information regarding the sources and use of cash and the change in cash during the reporting period.

The *Statement of Fiduciary Net Position* reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position of pension (and other employee benefit) trust funds and custodial funds. The purpose of this statement is to report the financial position of activities the Authority has stewardship of that are not assets or liabilities of the Authority.

The *Statement of Changes in Fiduciary Net Position* reports the additions and deductions from pension (and other employee benefit) trust funds and custodial funds. The purpose of this statement is to report the financial activities which includes the receipts and disbursements of funds the Authority has stewardship of but are not included in the Authority's financial activities.

The *Notes to Basic Financial Statements* provide additional information that is essential for understanding financial data that may not be displayed on the face of the basic financial statements and as such, are an integral part of the Authority's financial statements. The report includes abbreviated notes which are necessary to provide context to the interim financial activity.

The most recent audited financial report as of June 30, 2023 is available on the Authority's website at [www.virginiahousing.com/partners/investors/financial-statements](http://www.virginiahousing.com/partners/investors/financial-statements).

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Net Position  
December 31, 2023 and 2022  
(Unaudited)

	<b>2023</b>	<b>2022</b> <b>(as restated)</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,771,997,128	1,755,945,145
Investments (note 3)	391,459,000	-
Interest receivable – investments	18,298,553	7,537,389
Derivative instruments (note 1)	-	536,399
Mortgage loans held for sale (note 1)	34,512,719	100,996,971
Mortgage and other loans receivable, net	178,867,322	177,577,646
Interest receivable – mortgage and other loans	27,356,203	23,551,071
Other real estate owned	4,309,757	7,918,488
Other assets	20,118,667	36,284,657
Total current assets	2,446,919,349	2,110,347,766
Noncurrent assets:		
Investments (note 3)	760,987,588	828,229,196
Mortgage and other loans receivable	7,206,354,091	6,456,812,067
Less allowance for loan loss (note 1)	123,875,929	132,822,195
Mortgage and other loans receivable, net	7,082,478,162	6,323,989,872
Capital Assets, net of accumulated depreciation and amortization of \$74,052,202 and \$67,176,462 respectively	30,768,064	40,185,869
Mortgage servicing rights, net (note 1)	32,881,177	42,413,617
Other assets	17,385,728	19,104,506
Total noncurrent assets	7,924,500,719	7,253,923,060
<b>Total assets</b>	<b>10,371,420,068</b>	<b>9,364,270,826</b>
<b>Deferred outflows of resources</b>		
Other postemployment benefits - change in assumptions (note 1)	1,914,127	1,911,020
Other postemployment benefits - difference between expected and actual experience (note 1)	6,130,868	6,868,575
Other postemployment benefits - difference between projected and actual earning (note 1)	3,213,143	-
<b>Total deferred outflows of resources</b>	<b>11,258,138</b>	<b>8,779,595</b>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Net Position  
December 31, 2023 and 2022  
(Unaudited)

	<b>2023</b>	<b>2022</b> <b>(as restated)</b>
<b>Liabilities</b>		
Current liabilities:		
Notes and bonds payable (note 4)	\$ 538,039,040	524,800,624
Accrued interest payable on notes and bonds	41,841,112	33,502,457
Escrows	39,973,585	33,713,558
Federal grant awards held	17,915,624	171,916,176
Derivative instruments	558,418	-
Accounts payable and other liabilities	41,365,950	24,912,623
Total current liabilities	679,693,729	788,845,438
Noncurrent liabilities:		
Bonds payable, net (note 4)	5,627,204,396	4,621,560,360
Project reserves	114,155,881	106,991,167
Loan participation payable to Federal Financing Bank (note 5)	33,608,572	34,427,343
Other liabilities	17,231,671	23,088,010
Total noncurrent liabilities	5,792,200,520	4,786,066,880
<b>Total liabilities</b>	<b>6,471,894,249</b>	<b>5,574,912,318</b>
<b>Deferred inflows of resources</b>		
Deferred fees and points on multifamily loans	62,973,763	63,319,854
Other postemployment benefits - change in assumptions (note1)	586,871	665,047
Other postemployment benefits - difference between expected and actual experience (note 1)	941,509	124,609
Other postemployment benefits - difference between projected and actual earning (note 1)	-	5,757,970
<b>Total deferred inflows of resources</b>	<b>64,502,143</b>	<b>69,867,480</b>
<b>Net position (note 1):</b>		
Net investment in capital assets	8,298,174	11,392,286
Restricted by bond indentures	3,322,914,296	3,267,311,257
Unrestricted	515,069,344	449,567,080
<b>Total net position</b>	<b>\$ 3,846,281,814</b>	<b>3,728,270,623</b>

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Revenues, Expenses, and Changes in Net Position  
Six months ended December 31, 2023 and 2022(as restated)  
(Unaudited)

	<b>2023</b>	<b>2022 (as restated)</b>
Operating revenues:		
Interest on mortgage and other loans receivable	\$ 168,791,925	151,064,389
Housing Choice Voucher program administrative income	5,386,404	5,122,450
Gains and recoveries on sale of other real estate owned	686,559	205,956
Gains on sale of single family mortgage loans	6,586,065	1,043,578
Mortgage servicing fees net of guaranty fees	21,132,674	20,873,794
Other	17,497,200	9,706,478
Total operating revenues	220,080,827	188,016,645
Operating expenses:		
Interest on notes and bonds payable	93,838,950	80,355,480
Salaries and related employee benefits	38,687,611	36,400,105
General operating expenses	23,151,730	18,518,046
Note and bond expenses	710,697	1,035,295
Bond issuance expenses	4,897,935	975,917
Grant expenses	29,980,450	33,423,238
Housing Choice Voucher program expenses	5,080,186	4,104,241
Mortgage servicing rights amortization and other servicing costs	13,496,351	12,986,363
Losses on other real estate owned	634,797	1,334,228
Provision for loan losses (note 1)	10,547,686	(10,223,498)
Total operating expenses	221,026,393	178,909,415
Operating (expense) income	(945,566)	9,107,230
Nonoperating revenues (losses):		
Pass-through grant awards	110,120,512	94,970,790
Pass-through grants expenses	(110,120,512)	(94,970,790)
Investment income	52,924,743	38,322,481
Realized loss on investments	(28,118)	(41,936,927)
Unrealized gain (loss) on investments	9,163,225	(24,721,408)
Other, net	20,234	14,586
Total nonoperating revenues (expenses), net	62,080,084	(28,321,268)
Change in net position	61,134,518	(19,214,038)
Total net position, beginning of year	3,785,147,296	3,747,484,661
Total net position, end of six months	\$ 3,846,281,814	3,728,270,623

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Cash Flows  
Six months ended December 31, 2023 and 2022  
(Unaudited)

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Cash payments for mortgage and other loans	\$ (863,058,382)	(806,605,294)
Principal repayments on mortgage and other loans	212,999,549	202,924,509
Sale of mortgage loans	306,265,197	575,528,256
Interest received on mortgage and other loans	166,015,229	152,799,797
Pass-through grant awards received	43,329,620	40,076,904
Pass-through grant awards disbursed	(109,238,086)	(108,015,136)
Grant administrative fees received	5,786,106	2,938,962
Housing Choice Voucher payments received	7,848,122	3,617,017
Housing Choice Voucher payments disbursed	(3,990,499)	(4,219,845)
Escrow and project reserve payments received	135,960,000	135,109,472
Escrow and project reserve payments disbursed	(126,247,345)	(129,037,146)
Other operating revenues	42,564,875	26,566,336
Cash received/payments for loan origination fees and loan discounts	2,847,577	674,117
Cash paid for loan origination fees and loan premiums	(2,051,277)	(1,548,026)
Cash payments for salaries and related benefits	(42,816,667)	(39,201,562)
Cash payments on grants	(29,980,450)	(33,423,237)
Cash payments for general operating expenses	(20,466,166)	(24,792,355)
Cash payments for servicing release premiums and guaranty fees	(14,302,156)	(15,853,100)
Proceeds from sale of other real estate owned	6,333,947	5,751,674
Net cash used in operating activities	(282,200,806)	(16,708,657)
Cash flows from noncapital financing activities:		
Proceeds from issuance of notes and bonds	1,147,111,422	243,987,740
Principal payments on notes and bonds	(145,620,708)	(487,774,663)
Principal payments on loan participation - FFB	(413,506)	(397,190)
Interest payments on notes and bonds	(87,351,541)	(78,867,259)
Cash payments for bond issuance expenses	(4,897,935)	(975,917)
Net cash provided by/(used in) noncapital financing activities	908,827,732	(324,027,289)
Cash flows from capital and related financing activities:		
Purchases of property, furniture, and equipment	(235,919)	(82,924)
Net cash used in capital and related financing activities	(235,919)	(82,924)
Cash flows from investing activities:		
Purchases of investments	(401,601,615)	-
Proceeds from sales or maturities of investments	78,436,589	235,308,209
Interest received on investments	45,777,270	35,392,563
Net cash (used in)/provided by investing activities	(277,387,756)	270,700,772
Net increase/(decrease) in cash and cash equivalents	349,003,251	(70,118,098)
Cash and cash equivalents, at beginning of year	1,422,993,877	1,826,063,243
Cash and cash equivalents, at end of six months	\$ 1,771,997,128	1,755,945,145



**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
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Statements of Cash Flows  
Six months ended December 31, 2023 and 2022  
(Unaudited)

	<b>2023</b>	<b>2022</b> <b>(as restated)</b>
Reconciliation of operating income to net cash used in operating activities:		
Operating (expense) income	\$ (945,566)	9,107,230
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation of property, furniture, and equipment	1,381,929	1,831,394
Amortization of right to use asset	3,666,239	6,112,770
Bond issuance costs	4,897,935	975,917
Interest on notes and bonds payable	93,838,950	80,355,480
Decrease in mortgage loans held for sale	143,848,392	215,109,038
Increase in mortgage and other loans receivable	(481,943,567)	(243,397,856)
Increase/(decrease) in allowance for loan loss	10,318,361	(10,632,908)
(Increase)/decrease in interest receivable – mortgage and other loans	(2,811,940)	341,715
Decrease/(increase) in other real estate owned	749,351	(3,300,347)
Decrease in mortgage servicing rights	3,953,819	1,660,940
Increase in other assets	(6,856,694)	(10,070,921)
Increase in deferred inflows of resources	(1,925,782)	(614,336)
Decrease in Federal funds held	(66,790,893)	(54,893,886)
Increase/(decrease) in accounts payable and other liabilities	6,432,289	(15,211,615)
Increase in escrows and project reserves	9,986,371	5,918,728
Net cash used in operating activities	\$ (282,200,806)	(16,708,657)
Supplemental disclosure of noncash activity:		
Increase in other real estate owned as a result of loan foreclosures	\$ 5,213,656	8,821,406
Decrease in mortgage and other loans receivable from transferring loans to MBS securities retained as investments	\$ -	70,188,682

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2023 and 2022  
(Unaudited)

	<u>2023</u>		<u>2022</u>	
	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,945	66,671,234	1,669	64,262,810
Interest receivable - investments	-	82,335	-	27,825
Interest receivable - mortgage and other loans	-	149,199	-	70,109
Other assets	-	212	-	64,212
Total current assets	<u>1,945</u>	<u>66,902,980</u>	<u>1,669</u>	<u>64,424,956</u>
Noncurrent assets:				
Mortgage and other loans receivable	-	2,177,870	-	41,488,488
Investments	52,406,293	-	46,422,784	-
Total noncurrent assets	<u>52,406,293</u>	<u>2,177,870</u>	<u>46,422,784</u>	<u>41,488,488</u>
Total assets	<u>52,408,238</u>	<u>69,080,850</u>	<u>46,424,453</u>	<u>105,913,443</u>
<b>LIABILITIES</b>				
Other liabilities	-	7,842,466	-	6,057,933
Total liabilities	<u>-</u>	<u>7,842,466</u>	<u>-</u>	<u>6,057,933</u>
<b>NET POSITION</b>				
Restricted for:				
Other postemployment benefit plan other than pension	52,408,238	-	46,424,453	-
Funds held in escrow	-	55,809,970	-	56,392,292
Other governmental agency	-	5,428,414	-	43,463,219
Total Net Position	<u>\$ 52,408,238</u>	<u>61,238,384</u>	<u>46,424,453</u>	<u>99,855,511</u>

\* June 30, 2023 and 2022 year-end.

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Six months ended December 31, 2023 and 2022  
(Unaudited)

	<u>2023</u>		<u>2022</u>	
	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>				
Contribution:				
Borrower payments	\$ -	788,875,580	-	912,171,414
Employers	52,766	142,135	43,800	131,777
Other governmental agency	-	-	-	4,620,000
Total Contributions	<u>52,766</u>	<u>789,017,715</u>	<u>43,800</u>	<u>916,923,191</u>
Investment earnings:				
Net increase/(decrease) in fair value of investments	2,447,486	-	(7,667,627)	-
Interest, dividends, and other	688,406	855,668	391,017	110,539
Securities lending income (gain on sales)	100,453	-	200,911	-
Total investment earnings	<u>3,236,345</u>	<u>855,668</u>	<u>(7,075,699)</u>	<u>110,539</u>
Total additions	<u>3,289,111</u>	<u>789,873,383</u>	<u>(7,031,899)</u>	<u>917,033,730</u>
<b>DEDUCTIONS</b>				
Other governmental agency	-	1,161,821	-	28,363
Disbursement of escrow funds	-	808,401,091	-	949,515,285
Administrative expense	52,766	-	43,800	-
Total deductions	<u>52,766</u>	<u>809,562,912</u>	<u>43,800</u>	<u>949,543,648</u>
Net increase/(decrease) in fiduciary net position	3,236,345	(19,689,529)	(7,075,699)	(32,509,918)
Net position - beginning of year	49,171,893	80,927,913	53,500,152	132,365,429
Net position - end of six months	<u>\$ 52,408,238</u>	<u>61,238,384</u>	<u>46,424,453</u>	<u>99,855,511</u>

\* June 30, 2023 and 2022 year-end.

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

**(1) Organization and Summary of Significant Accounting Policies**

**(a) Organization**

The Virginia Housing Development Authority (Authority) was created under the Virginia Housing Development Authority Act, as amended (Act) enacted by the 1972 Session of the Virginia General Assembly. The Act empowers the Authority, among other authorized activities, to finance the acquisition, construction, rehabilitation and ownership of housing intended for occupancy or ownership, or both, by families of low or moderate income. Mortgage loans are generally financed by the proceeds of notes, bonds, or other debt obligations of the Authority or by Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) guaranteed mortgage backed securities (see note 1 (f)). The notes, bonds and other debt obligations do not constitute a debt or grant or loan of credit of the Commonwealth of Virginia (Commonwealth), and the Commonwealth is not liable for the repayment of such obligations.

For financial reporting purposes, the Authority is a component unit of the Commonwealth. The accounts of the Authority, along with other component units, are combined to form the component units of the Commonwealth. The Authority reports all of its activities as one enterprise fund, in accordance with U.S. generally accepted accounting principles (GAAP). See note 2 for further discussion.

**(b) Measurement Focus and Basis of Accounting**

The Authority utilizes the economic resources measurement focus and accrual basis of accounting in preparing its basic financial statements where revenues are recognized when earned and expenses when incurred. The accounts are organized on the basis of funds and groups of funds, which are set up in accordance with the Act and the various note and bond resolutions.

**(c) Use of Estimates**

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and judgments that affect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosures of contingencies at the date of the basic financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

**(d) Investments**

Investments include various debt and asset backed securities which are reported at fair value in the Statements of Net Position, with changes in fair value recognized in investment income in the Statements of Revenues, Expenses, and Changes in Net Position. The fair value of the debt securities and asset backed securities is derived from management's review of third party pricing services that use various models that are based on quoted market prices when available or on adjusted values in relation to observable prices on similar investments.

**(e) Derivative Instruments**

Forward sales securities commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At December 31, 2023, the Authority had outstanding 10 forward sales transactions with a \$38.2 million notional amount with four counterparties. At December 31, 2022, the Authority had outstanding 45 forward sales transactions with a \$154.1 million notional amount with six counterparties.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

**(f) *Mortgage Loans Held for Sale***

The Authority is an authorized issuer of GNMA, FNMA and FHLMC Mortgage-Backed Securities (MBS). Through the MBS programs, GNMA, FNMA and FHLMC guarantee securities that are backed by pools of mortgage loans originated or purchased by the Authority. These mortgage loan securitizations are treated as sales for accounting and reporting purposes. Upon the sale, the Authority no longer recognizes the mortgage loans receivable in the Statements of Net Position.

Mortgage loans originated or acquired with the intent to sell through the MBS programs are carried at the lower of cost or fair value. The fair values of the loans are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. Any gains or losses on loan sales are reported in the Statements of Revenues, Expenses, and Changes in Net Position.

**(g) *Mortgage and Other Loans Receivable***

Mortgage and other loans receivable are stated at their unpaid principal balance, net of premiums and discounts and an allowance for loan losses. Pricing premiums and discounts are deferred and amortized, using the interest method, over the contractual life of the loans as an adjustment to yield. The interest method is computed on a loan-by-loan basis and any unamortized premiums and discounts on loans fully repaid are recognized as income in the year in which such loans are repaid.

**(h) *Allowance for Loan Losses***

The Authority provides for expected losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment, to maintain the allowance at a level it believes sufficient to cover losses in collection of its mortgage loans. Estimates of future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience and delinquency statistics, the value and adequacy of collateral, and economic conditions.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

The allowance for loan losses increased by \$10,318,361 for the six months ended December 31, 2023, and decreased by \$10,632,908 for the six months ended December 31, 2022.

	<b>Six months ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning Balance, July 1	\$ 113,557,568	143,455,103
Provision:		
Homeownership	705,627	(4,320,985)
Rental Housing	9,842,059	(5,902,513)
Provision	10,547,686	(10,223,498)
Net (charge-offs)/recoveries:		
Homeownership	(229,325)	(409,410)
Rental Housing	-	-
Net charge-offs	(229,325)	(409,410)
Net change	10,318,361	(10,632,908)
Ending Balance, December 31	\$ 123,875,929	132,822,195

**(i) Mortgage Servicing Rights**

The Authority pays mortgage servicing release premiums when purchasing homeownership mortgage loans from participating lenders. These premiums are capitalized at cost and amortized on a loan-by-loan basis over the estimated life of the related mortgage loans using the sum-of-years-digits method. Mortgage servicing rights are recorded when those mortgage loans are securitized through either GNMA, FNMA or FHLMC and the Authority remains the servicer of the loans. Estimated life is determined to be 7 years.

**(j) Notes and Bonds Payable**

Notes and bonds payable are stated at their unpaid balance less any unamortized premiums or discounts. Bond premiums and discounts are amortized over the lives of the issues using the interest method. The Authority generally has the right to specially redeem bonds, without premium, upon the occurrence of certain specified events, such as the prepayment of a mortgage loan. The Authority also has the right to optionally redeem the various bonds. The optional redemptions generally cannot be exercised until the bonds have been outstanding for approximately ten years. All issues generally have term bonds, which are subject to partial redemption, without premium, from mandatory sinking fund installments.

**(k) Retirement Plans and Other Postemployment Benefit Plans**

The Authority has three defined contribution retirement savings plans covering substantially all employees. Retirement expense is fully funded as incurred. To the extent terminating employees are

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less than 100% vested in the Authority's contributions, the unvested portion is forfeited and redistributed to the remaining participating employees.

The Authority also provides postretirement healthcare benefits administered through a trust under a defined benefit plan to all employees who have met the years of service requirement and who retire from the Authority on or after attaining age 55 or become permanently disabled. Effective for the plan year ended December 31, 2017, the Authority adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018.

For purposes of measuring the net OPEB liability, deferred outflows or inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Virginia Housing Development Authority Retiree Health Care Plan (the Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms of the Plan. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost, which approximates fair value.

**(l) Cash Equivalents**

Cash equivalents consist of highly liquid short-term instruments with original maturities of three months or less from the date of purchase and are recorded at amortized cost. Cash equivalents include commercial paper, repurchase agreements, money-market securities, and other short-term instruments.

**(m) Statements of Net Position**

The assets presented in the Statements of Net Position represent the total of similar accounts of the Authority's various groups (see note 2). Since the assets of certain of the groups are restricted by the related debt resolutions, the total does not indicate that the combined assets are available in any manner other than that provided for in the resolutions for the separate groups. When both restricted and unrestricted resources are available for use, the Authority's policy is to use restricted resources first and thereafter, unrestricted resources as needed.

**(n) Operating and Nonoperating Revenues and Expenses**

The Authority's Statements of Revenues, Expenses, and Changes in Net Position distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally arise from financing the acquisition, construction, rehabilitation, and ownership of housing intended for occupancy and ownership, by families of low or moderate income. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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**(o) *Deferred Outflows of Resources and Deferred Inflows of Resources.***

The Authority reports deferred outflows of resources and deferred inflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period.

**(p) *New Accounting Standards and Restatement of Net Position***

The authority adopted GASB Statement No. 96, Subscription Based Information Technology Arrangements, effective July 1, 2022. The cumulative effect of the implementation of GASB 96 related to subscription based information technology arrangement assets and their corresponding liability and their effect on select financial statement line items after the application at June 30, 2022 has been retrospectively applied to December 31, 2022.

**(2) *Basis of Presentation***

The accounts of the Authority are presented in a single proprietary fund set of basic financial statements consisting of various programs. The Authority's activities include the following programs:

**(a) *General Operating Accounts***

The General Operating Accounts consist of a group of accounts used to record the receipt of income not directly pledged to the repayment of specific notes and bonds and the payment of expenses related to the Authority's administrative functions.

**(b) *Rental Housing Bond Group***

The proceeds of the Rental Housing Bonds are used to finance construction and permanent mortgage loans on rental housing developments, as well as, temporary financing for other rental housing real estate owned and the financing of the Authority's office facilities.

**(c) *Commonwealth Mortgage Bond Group***

The proceeds of Commonwealth Mortgage Bonds are used to purchase or make long-term mortgage loans to owner occupants of homeownership dwellings, as well as, temporary financing for other homeownership real estate owned.

**(d) *Homeownership Mortgage Bond Group***

The Homeownership Mortgage Bond group was established to encompass the Authority's participation in the U.S. Department of the Treasury's New Issue Bond Program, which was created to assist state and local housing finance agencies in acquiring cost-effective mortgage loan capital. The proceeds of Homeownership Mortgage Bonds are used to purchase or make long-term mortgage loans to owner occupants of homeownership dwellings.



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**(3) Cash, Cash Equivalents, and Investments**

Cash includes cash on hand and amounts in checking accounts, which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act. At December 31, 2023 and 2022, the carrying amount of the Authority's deposits was \$75,011,798 and \$228,463,557, respectively. The associated bank balance of the Authority's deposits was \$67,412,580 and \$210,254,991 at December 31, 2023 and 2022, respectively. The difference between the carrying amount and the bank balance is due to outstanding checks, deposits in transit, and other reconciling items.

Cash equivalents include investments with original maturities of three months or less from date of purchase. Investments consist of U.S. government and agency securities, repurchase agreements, asset-backed securities, agency mortgage-backed securities, money market securities and other interest-bearing securities held at the FHLB Atlanta. Investments in the bond funds consist of those permitted by the various resolutions adopted by the Authority. At December 31, 2023 and 2022, total cash equivalents were \$1,696,985,330 and \$1,527,508,588, respectively.

The Investment of Public Funds Act of the Code of Virginia as well as the various bond resolutions establishes permitted investments for the Authority. Within the permitted statutory framework, the Authority's investment policy is to fully invest all monies and maximize the return thereon, by investing and managing investments in a prudent manner that will enable the Authority to fulfill its financial commitments. Approved investments include but are not limited to: direct obligations of the U.S. government, direct obligations of any state or political subdivision of the U.S. government, obligations unconditionally guaranteed by the U.S. government or other political subdivisions, bonds, debentures, certificates of deposit, repurchase agreements, swap contracts, futures contracts, and forward contracts. No more than 3.0% of the Authority's total assets may be invested in any one entity, excluding obligations issued or guaranteed by the U.S. government and repurchase agreement transactions. However, repurchase agreements cannot be no more than the Authority's total assets and must mature in less than one month. Such agreements must be collateralized with U.S. Treasury or Agency securities with a fair value at least equal to 102% of the principal amount of the agreement.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy is to generally hold all investments to maturity and to limit the length of an investment at purchase, to coincide with expected timing of its use.

**(a) Interest Rate Risk**

Interest rate risk is the risk that changes in market rates of interest will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. As a means of communicating interest rate risk, the Authority has elected the segmented time distribution method of disclosure, which requires the grouping of investment cash flows into sequential time periods in tabular form.

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As of December 31, 2023, the Authority had the following investments (including cash equivalents) and maturities:

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
U.S. government and agency	\$ 1,486,973,428	-	-	-	1,486,973,428
Repurchase agreements	400,000,000	-	-	-	400,000,000
Asset-backed securities	-	-	179,022	1,112,431	1,291,453
Collateralized mortgage obligations	-	-	-	21,761,120	21,761,120
Agency-mortgage backed securities	-	9,445	490,499	737,435,071	737,935,015
Money market securities	201,470,902	-	-	-	201,470,902
Total investments	<u>\$ 2,088,444,330</u>	<u>9,445</u>	<u>669,521</u>	<u>760,308,622</u>	<u>2,849,431,918</u>

As of December 31, 2022, the Authority had the following investments (including cash equivalents) and maturities:

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
U.S. government and agency	\$ 690,114,133	-	-	-	690,114,133
Repurchase agreements	625,000,000	-	-	-	625,000,000
Asset-backed securities	-	-	200,771	1,324,615	1,525,386
Collateralized mortgage obligations	-	-	-	46,831,546	46,831,546
Agency-mortgage backed securities	-	-	418,681	778,329,246	778,747,927
Money market securities	212,394,455	-	-	-	212,394,455
Total investments	<u>\$ 1,527,508,588</u>	<u>-</u>	<u>619,452</u>	<u>826,485,407</u>	<u>2,354,613,447</u>

and maturities:

**(b) Equity Investment**

On January 31, 2021, the Authority made an equity investment in IndieDwell Virginia Inc. for \$1.5 million, which equated to a 37.5 percent interest in the company. As of December 31, 2022, the equity investment had a fair market value of \$1.1 million. As of December 31, 2023, the equity investment has been fully dissolved.

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**(4) Notes and Bonds Payable**

Notes and bonds payable at June 30, 2023 and December 31, 2023 and changes for the six months ended December 31, 2023 were as follows:

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
General operating accounts:				
Revolving line of credit:				
Bank of America				
floating daily rate				
(5.46% at December 31, 2023) with				
a termination date of December 1, 2024	\$ —	55,000	55,000	—
Federal Home Loan Bank				
varying fixed rate notes with 30 to 60-day maturities				
(average of 5.47% as of December 31, 2023 and				
4.19% at December 31, 2022), maturities range				
from December 1, 2023 to February 26, 2024	400,000	—	—	400,000
Total general operating				
accounts	\$ 400,000	55,000	55,000	400,000

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(Amounts shown in thousands)				
Rental housing bond group:				
2012 Series D dated October 30, 2012, 4.15% effective interest rate, final due date October 1, 2042	\$ 116,050	—	5,920	110,130
2012 Series E dated November 2, 2013, 3.16% effective interest rate, final due date November 1, 2042	8,300	—	300	8,000
2013 Series A/B dated April 11, 2013, 3.95% effective interest rate, final due date April 1, 2043	26,640	—	—	26,640
2013 Series C dated May 2, 2013, 3.82% effective interest rate, final due date February 1, 2043	126,915	—	2,315	124,600
2013 Series D dated May 30, 2013, 4.06% effective interest rate, final due date June 1, 2043	88,920	—	1,490	87,430
2013 Series E dated July 11, 2013, 4.15% effective interest rate, final due date July 1, 2043	16,855	—	565	16,290
2013 Series F dated October 10, 2013, 4.98% effective interest rate, final due date October 1, 2043	49,130	—	1,410	47,720
2013 Series G dated December 3, 2013, 4.39% effective interest rate, final due date December 1, 2043	8,670	—	260	8,410
2014 Series A dated August 19, 2014, 3.75% effective interest rate, final due date August 1, 2049	11,150	—	245	10,905
2014 Series B dated October 28, 2014, 3.30% effective interest rate, final due date October 1, 2044	7,465	—	235	7,230
2014 Series C dated November 20, 2014, 4.29% effective interest rate, final due date November 1, 2044	111,155	—	3,360	107,795
2015 Series A dated March 18, 2015, 3.50% effective interest rate, final due date March 1, 2045	32,855	—	—	32,855
2015 Series B dated May 12, 2015, 3.44% effective interest rate, final due date May 1, 2045	9,760	—	—	9,760
2015 Series C dated August 5, 2015, 3.68% effective interest rate, final due date August 1, 2045	19,475	—	595	18,880

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		(Amounts shown in thousands)		
2015 Series D dated November 10, 2015, 3.55% effective interest rate, final due date November 1, 2045	\$ 30,035	—	915	29,120
2015 Series E/F dated December 8, 2015, 3.94% effective interest rate, final due date December 1, 2045	71,570	—	2,015	69,555
2016 Series A dated March 8, 2016, 2.99% effective interest rate, final due date March 1, 2046	4,125	—	—	4,125
2016 Series B dated May 17, 2016, 3.35% effective interest rate, final due date May 1, 2046	60,230	—	930	59,300
2016 Series C dated July 19, 2016, 2.72% effective interest rate, final due date July 1, 2046	4,095	—	120	3,975
2016 Series D dated October 18, 2016, 2.89% effective interest rate, final due date October 1, 2046	6,950	—	215	6,735
2017 Series A dated March 14, 2017, 3.66% effective interest rate, final due date March 1, 2049	25,555	—	—	25,555
2017 Series B dated June 13, 2017, 3.35% effective interest rate, final due date June 1, 2047	6,200	—	—	6,200
2017 Series C dated September 13, 2017, 3.24% effective interest rate, final due date September 1, 2047	2,610	—	75	2,535
2017 Series D dated October 19, 2017, 3.21% effective interest rate, final due date October 1, 2047	5,105	—	145	4,960
2017 Series E dated December 5, 2017, 3.28% effective interest rate, final due date December 1, 2050	44,805	—	1,085	43,720
2018 Series A dated March 27, 2018, 3.62% effective interest rate, final due date March 1, 2053	31,650	—	—	31,650
2018 Series B dated June 5, 2018, 3.76% effective interest rate, final due date June 1, 2053	25,745	—	—	25,745
2018 Series C dated August 28, 2018, 3.63% effective interest rate, final due date August 1, 2053	18,065	—	355	17,710

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Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
2018 Series D dated October 2, 2018, 3.79% effective interest rate, final due date October 1, 2053	\$ 69,780	—	1,350	68,430
2018 Series E dated December 4, 2018, 3.90% effective interest rate, final due date December 1, 2049	34,480	—	785	33,695
2019 Series A dated March 26, 2019, 3.70% effective interest rate, final due date March 1, 2054	60,270	—	625	59,645
2019 Series B dated May 22, 2019, 3.10% effective interest rate, final due date May 1, 2054	16,290	—	—	16,290
2019 Series C dated August 21, 2019 3.13% effective interest rate, final due date August 1, 2054	48,700	—	895	47,805
2019 Series D dated October 16, 2019 3.12% effective interest rate, final due date October 1, 2054	48,680	—	910	47,770
2019 Series E dated December 12, 2019 3.00% effective interest rate, final due date December 1, 2054	56,890	—	7,360	49,530
2020 Series A dated March 25, 2020 2.74% effective interest rate, final due date March 1, 2055	72,870	—	—	72,870
2020 Series B dated March 25, 2020 2.38% effective interest rate, final due date March 1, 2055	67,285	—	1,700	65,585
2020 Series C dated April 28, 2020 3.57% effective interest rate, final due date April 1, 2055	191,640	—	—	191,640
2020 Series D dated May 27, 2020 3.58% effective interest rate, final due date June 1, 2055	423,590	—	1,420	422,170
2020 Series E dated July 28, 2020 2.40% effective interest rate, final due date July 1, 2055	44,770	—	425	44,345
2020 Series F dated July 21, 2020 3.09% effective interest rate, final due date July 1, 2055	200,000	—	4,065	195,935
2020 Series G dated October 14, 2020 2.29% effective interest rate, final due date September 1, 2055	21,420	—	260	21,160

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Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
2020 Series H dated October 7, 2020 2.94% effective interest rate, final due date September 1, 2055	\$ 175,000	—	3,550	171,450
2020 Series I dated December 9, 2020 2.33% effective interest rate, final due date November 1, 2053	44,970	—	1,105	43,865
2020 Series J dated December 2, 2020 3.04% effective interest rate, final due date November 1, 2055	50,000	—	1,065	48,935
2021 Series A dated March 2, 2021 2.68% effective interest rate, final due date February 1, 2056	81,590	—	—	81,590
2021 Series B dated March 30, 2021 2.23% effective interest rate, final due date March 1, 2056	46,075	—	—	46,075
2021 Series C dated April 22, 2021 2.85% effective interest rate, final due date April 1, 2056	100,250	—	—	100,250
2021 Series D dated June 3, 2021 2.17% effective interest rate, final due date May 1, 2056	32,195	—	—	32,195
2021 Series E dated June 24, 2021 2.71% effective interest rate, final due date June 1, 2056	78,100	—	—	78,100
2021 Series F dated July 27, 2021 2.17% effective interest rate, final due date July 1, 2056	50,000	—	—	50,000
2021 Series G dated July 27, 2021 2.56% effective interest rate, final due date August 1, 2056	30,000	—	—	30,000
2021 Series H dated September 2, 2021 2.58% effective interest rate, final due date September 1, 2056	30,000	—	—	30,000
2021 Series I dated October 12, 2021 2.23% effective interest rate, final due date October 1, 2056	5,925	—	—	5,925
2021 Series J dated November 9, 2021 2.98% effective interest rate, final due date November 1, 2056	226,630	—	—	226,630
2021 Series K dated December 7, 2021 2.39% effective interest rate, final due date December 1, 2056	149,080	—	6,515	142,565
2022 Series A dated February 2, 2022 2.95% effective interest rate, final due date February 1, 2057	40,000	—	—	40,000

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		(Amounts shown in thousands)		
2022 Series B dated March 8, 2022 3.12% effective interest rate, final due date March 1, 2057	\$ 57,755	—	—	57,755
2022 Series C dated March 29, 2022 3.91% effective interest rate, final due date April 1, 2057	50,000	—	—	50,000
2022 Series D dated May 3, 2022 3.91% effective interest rate, final due date May 1, 2057	23,425	—	—	23,425
2022 Series E dated June 30, 2022 4.12% effective interest rate, final due date June 1, 2057	41,750	—	—	41,750
2022 Series F dated October 5, 2022 4.81% effective interest rate, final due date October 1, 2057	59,210	—	—	59,210
2022 Series G dated November 30, 2022 5.03% effective interest rate, final due date November 1, 2064	95,100	—	—	95,100
2023 Series A dated February 9, 2023 5.28% effective interest rate, final due date February 1, 2066	60,000	—	—	60,000
2023 Series B dated March 8, 2023 4.65% effective interest rate, final due date March 1, 2065	40,250	—	—	40,250
2023 Series C dated June 1, 2023 4.21% effective interest rate, final due date May 1, 2060	7,850	—	—	7,850
2023 Series D dated August 3, 2023 4.58% effective interest rate, final due date August 1, 2065	—	110,895	—	110,895
2023 Series E dated October 12, 2023 5.03% effective interest rate, final due date October 1, 2065	—	56,630	—	56,630
2023 Series F dated November 30, 2023 5.16% effective interest rate, final due date May 1, 2067	—	167,855	—	167,855
	<u>3,901,900</u>	<u>335,380</u>	<u>54,580</u>	<u>4,182,700</u>
Unamortized premium	(780)	—	19	(761)
Total rental housing bonds	<u>\$ 3,901,120</u>			<u>4,181,939</u>



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Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
(Amounts shown in thousands)				
Commonwealth mortgage bonds group:				
2006 Series C, dated June 8, 2006, 6.40% effective interest rate, final due date June 25, 2034	\$ 4,570	—	344	4,226
2008 Series B, dated April 10, 2008, 6.22% effective interest rate, final due date March 25, 2038	8,287	—	529	7,758
2008 Series C, dated November 18, 2008, 6.58% effective interest rate, final due date June 25, 2038	3,486	—	168	3,318
2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026	28,400	—	4,000	24,400
2012 Series B/C, dated December 20, 2012, 3.09% effective interest rate, final due date July 1, 2039.	204,170	—	—	204,170
2013 Series B, dated May 21, 2013, 2.75% effective interest rate, final due date April 25, 2042	16,556	—	790	15,766
2013 Series C, dated October 24, 2013, 4.25% effective interest rate, final due date October 25, 2043	18,729	—	703	18,026
2013 Series D, dated December 19, 2013, 4.30% effective interest rate, final due date December 25, 2043	17,883	—	1,061	16,822
2014 Series A, dated December 11, 2014, 3.50% effective interest rate, final due date October 25, 2037	27,871	—	1,756	26,115
2015 Series A, dated November 10, 2015, 3.25% effective interest rate, final due date June 25, 2042	44,195	—	2,555	41,640
2016 Series A, dated June 9, 2016, 3.10% effective interest rate, final due date June 25, 2041	43,090	—	2,475	40,615
2017 Series A, dated June 13, 2017, 3.13% effective interest rate, final due date November 25, 2039	50,928	—	3,264	47,664

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Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
2019 Series A, dated November 5, 2019, 2.95% effective interest rate, final due date October 25, 2049	\$ 46,506	—	2,718	43,788
2020 Series A, dated February 12, 2020, 2.85% effective interest rate, final due date December 25, 2049	61,321	—	2,541	58,780
2020 Series B, dated April 21, 2020, 2.75% effective interest rate, final due date October 25, 2046	75,974	—	4,248	71,726
2021 Series A, dated August 17, 2021, 2.13% effective interest rate, final due date July 25, 2051	134,183	—	4,560	129,623
2022 Series A, dated February 1, 2022, 2.88% effective interest rate, final due date February 25, 2052	39,152	—	874	38,278
2023 Series A, dated October 24, 2023, 5.07% effective interest rate, final due date November 1, 2053	—	100,000	—	100,000
2023 Series B, dated October 24, 2023, 6.39% effective interest rate, final due date November 1, 2053	—	150,000	—	150,000
2023 Series C, dated December 14, 2023, 4.67% effective interest rate, final due date January 1, 2054	—	50,000	—	50,000
2023 Series D, dated December 14, 2023, 6.03% effective interest rate, final due date January 1, 2054	—	100,000	—	100,000
2023 Series E-I, dated December 14, 2023, 3.85% effective interest rate, final due date January 1, 2025	—	200,000	—	200,000
2023 Series E-II, dated December 14, 2023, 3.90% effective interest rate, final due date July 1, 2025	—	155,000	—	155,000
	825,301	755,000	32,586	1,547,715
Unamortized premium	(289)	—	18	(271)
Total commonwealth mortgage bonds group	\$ 825,012			1,547,444

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Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
Homeownership mortgage bonds group:				
2013 Series A, dated March 27, 2013, 3.25% effective interest rate, final due date August 25, 2042	37,583	—	1,723	35,860
Total homeownership mortgage bonds group	37,583	—	—	35,860
Total	\$ 5,163,715			6,165,243

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Notes and bonds payable at June 30, 2022 and December 31, 2022 and changes for the six months ended December 31, 2022 were summarized as follows (amounts in thousands):

Description	Balance at June 30, 2022	Issued	Retired	Increase/ (decrease) in unamortized premium/ discount	Balance at December 31, 2022
General operating accounts	\$ 710,300	90,000	400,000	-	400,300
Rental housing bonds group	3,718,567	154,310	40,060	(307)	3,832,510
Commonwealth mortgage bonds group	918,598	-	44,750	33	873,881
Homeownership mortgage bonds group	42,634	-	2,964	-	39,670
Total	<u>\$ 5,390,099</u>	<u>244,310</u>	<u>487,774</u>	<u>(274)</u>	<u>5,146,361</u>

The principal payment obligations and associated interest related to all note and bond indebtedness (excluding the effect of unamortized discounts and premium) commencing January 1, 2024, and thereafter are as follows:

Year Ending December 31	Outstanding principal	Current interest	Total debt service
2024	\$ 538,039,040	210,605,988	748,645,028
2025	137,680,000	200,112,231	337,792,231
2026	155,555,000	195,775,196	351,330,196
2027	154,775,000	191,464,859	346,239,859
2028	169,375,000	186,848,488	356,223,488
2029-2033	761,390,000	860,082,482	1,621,472,482
2034-2038	823,671,855	724,990,797	1,548,662,652
2039-2043	1,059,138,168	558,865,912	1,618,004,080
2044-2048	836,081,502	371,624,999	1,207,706,501
2049-2053	1,057,484,712	197,300,553	1,254,785,265
2054-2058	338,175,000	53,771,112	391,946,112
2059-2063	86,940,000	21,711,091	108,651,091
2064-2068	47,970,000	3,792,208	51,762,208
Total	<u>\$ 6,166,275,277</u>	<u>3,776,945,916</u>	<u>9,943,221,193</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

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(Unaudited)

**(5) Loan Participation Payable to Federal Financing Bank**

On March 23, 2015, the Authority was designated as a “qualified Housing Finance Agency” under the Risk-Sharing Act and entered into a Risk-Sharing Agreement with HUD. In conjunction with the Risk-Sharing Agreement, the Authority elected to participate in a program offered by the Federal Financing Bank (FFB) for the financing of rental housing mortgage loans. The FFB is a government corporation, under the general supervision and direction of the Secretary of the Treasury, created by Congress with statutory authority to purchase any obligation that is fully guaranteed by another federal agency. To the extent that FFB proceeds are utilized to finance certain mortgage loans, such mortgage loans would not be available to be financed under the Rental Housing Bond Group other than on a temporary basis prior to such FFB financing. In February 2016, the Authority executed the necessary agreements to allow the Authority to participate in such FFB financing.

Under the program established by the Risk-Sharing Act (the “Risk-Sharing Program”), the Authority retains underwriting, mortgage loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the Risk-Sharing Program, HUD agrees to make an initial claim payment of 100% of the loan’s unpaid principal balance and accrued interest, subject to certain adjustments that passes through the Authority to FFB. After a period during which the Authority may work toward curing the default, foreclosing the mortgage, or reselling the related project, any losses are calculated and apportioned between the Authority and HUD according to a specified risk-sharing percentage determined at the time of its endorsement for insurance. At its election, the Authority may choose a risk percentage ranging from 50% to 90%, which in turn determines its reimbursement obligation to HUD. During the intervening period prior to the final loss settlement, the Authority is obligated to pay interest on the amount of the initial claim payment under a debenture required to be issued to HUD at the time of the initial claim payment.

For each rental housing mortgage loan to be financed by the FFB, the Authority will sell to the FFB a certificate representing a participation interest in the rental housing mortgage loan consisting of all principal payments due thereon and all interest payments due thereon, whereby the rate to FFB will be less than the mortgage loan interest rate. The participation proceeds from the FFB are recorded as a debt obligation payable to the FFB.

Under these agreements, the Authority will retain responsibility for originating, closing and servicing the rental housing mortgage loans underlying the certificates sold to the FFB. As servicer, the Authority will remit the balance of each mortgage payment to U.S. Bank, N.A. (“Custodian”). The Custodian will fund any required account and pay the amounts due to the FFB, deduct their fees, then remit any amount remaining to the Authority as servicing fees.

Under the terms of the agreements in the Risk-Sharing Program, the Authority has sold certificates representing the beneficial interest in the following mortgage loans to FFB:

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
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(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
Participation Certificates Outstanding:				
Colonnade at Rocktown - Note rate of 4.68%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.45%				
Maturity date of May 1, 2047	\$ 2,684,994	—	30,858	2,654,136
Wilsondale II - Note rate of 4.47%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.12%				
Maturity date of July 1, 2047	6,962,410	—	81,440	6,880,970
Baker Woods - Note rate of 3.91%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.89%				
Maturity date of December 1, 2052	5,140,732	—	46,849	5,093,883
Twin Canal Village - Note rate of 3.82%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.18%				
Maturity date of April 1, 2043	6,281,380	—	106,959	6,174,421
Treesdale - Note rate of 4.22%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.30%				
Maturity date of November 1, 2048	3,431,896	—	38,082	3,393,814
Landing at Weyers Cove - Note rate of 4.22%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.30%				
Maturity date of November 1, 2048	2,256,991	—	25,045	2,231,946
Belle Hall - Note rate of 3.57%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.72%				
Maturity date of September 1, 2049	4,117,625	—	47,773	4,069,852
Campostella Commons - Note rate of 3.57%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.72%				
Maturity date of September 1, 2049	3,146,050	—	36,500	3,109,550
Total participation certificates payable	\$ 34,022,078	—	413,506	33,608,572

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
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Combining Schedule of Net Position  
December 31, 2023  
(Unaudited)

<b>Assets</b>	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 184,597,384	774,811,284	781,502,826	31,085,634	1,771,997,128
Investments	28,930,976	178,907,266	176,464,670	7,156,088	391,459,000
Interest receivable – investments	3,051,370	8,467,446	6,434,555	345,182	18,298,553
Mortgage loans held for sale	-	-	34,512,719	-	34,512,719
Mortgage and other loans receivable, net	9,975,647	101,369,258	63,422,340	4,100,077	178,867,322
Interest receivable – mortgage and other loans	989,035	20,157,434	5,929,780	279,954	27,356,203
Other real estate owned	3,200,723	-	1,026,034	83,000	4,309,757
Other assets	20,114,645	-	4,022	-	20,118,667
Total current assets	<u>250,859,780</u>	<u>1,083,712,688</u>	<u>1,069,296,946</u>	<u>43,049,935</u>	<u>2,446,919,349</u>
<b>Noncurrent assets:</b>					
Investments	503,176,151	-	257,811,437	-	760,987,588
Mortgage and other loans receivable	387,361,488	4,909,642,882	1,813,400,449	95,949,272	7,206,354,091
Less allowance for loan loss	37,014,400	53,886,672	32,087,602	887,255	123,875,929
Mortgage and other loans receivable, net	<u>350,347,088</u>	<u>4,855,756,210</u>	<u>1,781,312,847</u>	<u>95,062,017</u>	<u>7,082,478,162</u>
Capital Assets, net of accumulated depreciation and amortization of \$74,052,202	24,193,374	6,574,690	-	-	30,768,064
Mortgage servicing rights, net	32,881,177	-	-	-	32,881,177
Other Assets	17,385,728	-	-	-	17,385,728
Total noncurrent assets	<u>927,983,518</u>	<u>4,862,330,900</u>	<u>2,039,124,284</u>	<u>95,062,017</u>	<u>7,924,500,719</u>
<b>Total assets</b>	<u><u>1,178,843,298</u></u>	<u><u>5,946,043,588</u></u>	<u><u>3,108,421,230</u></u>	<u><u>138,111,952</u></u>	<u><u>10,371,420,068</u></u>
<b>Deferred outflows of resources</b>					
Other postemployment benefits - change in assumptions	1,914,127	-	-	-	1,914,127
Other postemployment benefits - difference between expected and actual experience	6,130,868	-	-	-	6,130,868
Other postemployment benefits - difference between projected and actual earning	3,213,143	-	-	-	3,213,143
Total Deferred outflows of resources	<u>11,258,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,258,138</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position  
December 31, 2023  
(Unaudited)

<b>Liabilities</b>	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Current liabilities:</b>					
Notes and bonds payable	400,000,000	93,385,000	43,156,104	1,497,936	538,039,040
Accrued interest payable on notes and bonds	697,607	33,272,653	7,773,731	97,121	41,841,112
Escrows	39,973,585	-	-	-	39,973,585
Federal grand awards held	17,915,624	-	-	-	17,915,624
Derivative instruments	-	-	558,418	-	558,418
Accounts payable and other liabilities	41,186,777	-	179,173	-	41,365,950
<b>Total current liabilities</b>	<u>499,773,593</u>	<u>126,657,653</u>	<u>51,667,426</u>	<u>1,595,057</u>	<u>679,693,729</u>
<b>Noncurrent liabilities:</b>					
Bonds payable, net	-	4,088,554,198	1,504,288,249	34,361,949	5,627,204,396
Project reserves	114,155,881	-	-	-	114,155,881
Loan participation payable to Federal Financing Bank	33,608,572	-	-	-	33,608,572
Other (assets) liabilities	17,231,671	-	-	-	17,231,671
<b>Total noncurrent liabilities</b>	<u>164,996,124</u>	<u>4,088,554,198</u>	<u>1,504,288,249</u>	<u>34,361,949</u>	<u>5,792,200,520</u>
<b>Total liabilities</b>	<u>664,769,717</u>	<u>4,215,211,851</u>	<u>1,555,955,675</u>	<u>35,957,006</u>	<u>6,471,894,249</u>
<b>Deferred inflows of resources</b>					
Deferred fees and points on multifamily loans	446,884	62,526,879	-	-	62,973,763
Other postemployment benefits - change in assumptions	586,871	-	-	-	586,871
Other postemployment benefits - difference between expected and actual experience	941,509	-	-	-	941,509
<b>Total deferred inflows of resources</b>	<u>1,975,264</u>	<u>62,526,879</u>	<u>-</u>	<u>-</u>	<u>64,502,143</u>
<b>Net position:</b>					
Net investment in capital assets	8,287,111	11,063	-	-	8,298,174
Restricted by bond indentures	-	1,668,293,795	1,552,465,555	102,154,946	3,322,914,296
Unrestricted	515,069,344	-	-	-	515,069,344
<b>Total net position</b>	<u>\$ 523,356,455</u>	<u>1,668,304,858</u>	<u>1,552,465,555</u>	<u>102,154,946</u>	<u>3,846,281,814</u>



**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Revenues, Expenses, and Changes in Net Position  
Six months ended December 31, 2023  
(Unaudited)

	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
Operating revenues:					
Interest on mortgage and other loans receivable	\$ 14,423,565	108,951,518	43,298,434	2,118,408	168,791,925
Housing Choice Voucher program administrative income	5,386,404	-	-	-	5,386,404
Gains and recoveries on sale of other real estate owned	105,332	323,075	258,152	-	686,559
Gains on sale of single family mortgage loans	-	-	6,586,065	-	6,586,065
Mortgage servicing fees net of guaranty fees	21,132,674	-	-	-	21,132,674
Other	11,357,111	6,138,302	1,787	-	17,497,200
Total operating revenues	<u>52,405,086</u>	<u>115,412,895</u>	<u>50,144,438</u>	<u>2,118,408</u>	<u>220,080,827</u>
Operating expenses:					
Interest on notes and bonds payable	11,315,812	66,327,275	15,600,733	595,130	93,838,950
Salaries and related employee benefits	38,687,611	-	-	-	38,687,611
General operating expenses	23,150,770	-	960	-	23,151,730
Note and bond expenses	710,697	-	-	-	710,697
Bond issuance expenses	58,034	2,031,649	2,808,252	-	4,897,935
Grant expenses	29,980,450	-	-	-	29,980,450
Housing Choice Voucher program expenses	5,080,186	-	-	-	5,080,186
Mortgage servicing rights amortization and other servicing costs	10,804,130	-	2,692,221	-	13,496,351
Losses on other real estate owned	509,834	-	119,492	5,471	634,797
Provision for loan losses	(1,910,140)	9,628,942	2,763,162	65,722	10,547,686
Total operating expenses	<u>118,387,384</u>	<u>77,987,866</u>	<u>23,984,820</u>	<u>666,323</u>	<u>221,026,393</u>
Operating income (expense)	<u>(65,982,298)</u>	<u>37,425,029</u>	<u>26,159,618</u>	<u>1,452,085</u>	<u>(945,566)</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	110,120,512	-	-	-	110,120,512
Pass-through grants expenses	(110,120,512)	-	-	-	(110,120,512)
Investment income	10,921,835	23,911,678	17,136,606	954,624	52,924,743
Realized loss on investments	(1,879)	-	(26,239)	-	(28,118)
Unrealized loss on investments	1,110,057	585,861	7,443,873	23,434	9,163,225
Other, net	20,234	-	-	-	20,234
Total nonoperating revenues, net	<u>12,050,247</u>	<u>24,497,539</u>	<u>24,554,240</u>	<u>978,058</u>	<u>62,080,084</u>
Income (loss) before transfers	<u>(53,932,051)</u>	<u>61,922,568</u>	<u>50,713,858</u>	<u>2,430,143</u>	<u>61,134,518</u>
Transfers between funds	119,138,277	(58,868,639)	(60,282,291)	12,653	-
Change in net position	<u>65,206,226</u>	<u>3,053,929</u>	<u>(9,568,433)</u>	<u>2,442,796</u>	<u>61,134,518</u>
Total net position, beginning of year	458,150,229	1,665,250,929	1,562,033,988	99,712,150	3,785,147,296
Total net position, end of six months	<u>\$ 523,356,455</u>	<u>1,668,304,858</u>	<u>1,552,465,555</u>	<u>102,154,946</u>	<u>3,846,281,814</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Fiduciary Net Position  
Fiduciary Funds - Custodial Funds  
December 31, 2023  
(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, FHLMC, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virginia Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 55,809,970	5,074,062	3,675,249	2,111,953	66,671,234
Interest receivable - investments	-	46,585	22,293	13,457	82,335
Interest receivable - mortgage and other loans	-	62,949	76,384	9,866	149,199
Other assets	-	212	-	-	212
Total current assets	<u>55,809,970</u>	<u>5,183,808</u>	<u>3,773,926</u>	<u>2,135,276</u>	<u>66,902,980</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,177,870	-	-	2,177,870
Total noncurrent assets	<u>-</u>	<u>2,177,870</u>	<u>-</u>	<u>-</u>	<u>2,177,870</u>
Total assets	<u>55,809,970</u>	<u>7,361,678</u>	<u>3,773,926</u>	<u>2,135,276</u>	<u>69,080,850</u>
<b>LIABILITIES</b>					
Other liabilities	-	2,248,669	3,573,716	2,020,081	7,842,466
Total liabilities	<u>-</u>	<u>2,248,669</u>	<u>3,573,716</u>	<u>2,020,081</u>	<u>7,842,466</u>
<b>NET POSITION</b>					
Restricted for:					
Other postemployment benefit plan other than pension	55,809,970	-	-	-	55,809,970
Funds held in escrow	-	5,113,009	200,210	115,195	5,428,414
Other governmental agency	-	-	-	-	-
Total Net Position	<u>\$ 55,809,970</u>	<u>5,113,009</u>	<u>200,210</u>	<u>115,195</u>	<u>61,238,384</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Changes in Fiduciary Net Position  
Fiduciary Funds - Custodial Funds  
Six months ended December 31, 2023  
(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, FHLMC, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virginia Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>					
Contribution:					
Borrower payments	\$ 788,875,580	-	-	-	788,875,580
Employers	-	26,268	81,427	34,440	142,135
Total Contributions	<u>788,875,580</u>	<u>26,268</u>	<u>81,427</u>	<u>34,440</u>	<u>789,017,715</u>
Investment earnings:					
Interest, dividends, and other	-	513,060	243,276	99,332	855,668
Total investment earnings	<u>-</u>	<u>513,060</u>	<u>243,276</u>	<u>99,332</u>	<u>855,668</u>
Total additions	<u>788,875,580</u>	<u>539,328</u>	<u>324,703</u>	<u>133,772</u>	<u>789,873,383</u>
<b>DEDUCTIONS</b>					
Other governmental agency	-	908,895	197,757	55,169	1,161,821
Disbursement of escrow funds	808,401,091	-	-	-	808,401,091
Total deductions	<u>808,401,091</u>	<u>908,895</u>	<u>197,757</u>	<u>55,169</u>	<u>809,562,912</u>
Net (decrease)/increase in fiduciary net position	(19,525,511)	(369,567)	126,946	78,603	(19,689,529)
Net position - beginning of year	75,335,481	5,482,576	73,264	36,592	80,927,913
Net position - end of six months	<u>\$ 55,809,970</u>	<u>5,113,009</u>	<u>200,210</u>	<u>115,195</u>	<u>61,238,384</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position (as restated)  
December 31, 2022  
(Unaudited)

<b>Assets</b>	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 320,076,793	1,028,092,060	380,145,388	27,630,904	1,755,945,145
Interest receivable – investments	2,073,499	3,199,066	2,182,061	82,763	7,537,389
Derivative instruments	-	-	536,399	-	536,399
Mortgage loans held for sale	-	-	100,996,971	-	100,996,971
Mortgage and other loans receivable, net	9,120,917	100,387,462	63,926,064	4,143,203	177,577,646
Interest receivable – mortgage and other loans	888,467	17,663,094	4,703,626	295,884	23,551,071
Other real estate owned	6,697,634	427,000	710,854	83,000	7,918,488
Other assets	36,276,368	-	8,289	-	36,284,657
Total current assets	<u>375,133,678</u>	<u>1,149,768,682</u>	<u>553,209,652</u>	<u>32,235,754</u>	<u>2,110,347,766</u>
<b>Noncurrent assets:</b>					
Investments	499,340,058	-	327,764,801	1,124,337	828,229,196
Mortgage and other loans receivable	330,826,574	4,471,620,735	1,548,841,629	105,523,129	6,456,812,067
Less allowance for loan loss	44,883,363	50,110,554	36,779,516	1,048,762	132,822,195
Mortgage and other loans receivable, net	<u>285,943,211</u>	<u>4,421,510,181</u>	<u>1,512,062,113</u>	<u>104,474,367</u>	<u>6,323,989,872</u>
Capital Assets, net of accumulated depreciation and amortization of \$67,176,462	32,914,426	7,271,443	-	-	40,185,869
Mortgage servicing rights, net	42,413,617	-	-	-	42,413,617
Other Assets	19,104,506	-	-	-	19,104,506
Total noncurrent assets	<u>879,715,818</u>	<u>4,428,781,624</u>	<u>1,839,826,914</u>	<u>105,598,704</u>	<u>7,253,923,060</u>
<b>Total assets</b>	<u><u>1,254,849,496</u></u>	<u><u>5,578,550,306</u></u>	<u><u>2,393,036,566</u></u>	<u><u>137,834,458</u></u>	<u><u>9,364,270,826</u></u>
<b>Deferred outflows of resources</b>					
Other postemployment benefits - change in assumptions	1,911,020	-	-	-	1,911,020
Other postemployment benefits - difference between expected and actual experience	6,868,575	-	-	-	6,868,575
Total Deferred outflows of resources	<u><u>8,779,595</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>8,779,595</u></u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position (as restated)  
December 31, 2022  
(Unaudited)

	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Liabilities</b>					
Current liabilities:					
Notes and bonds payable	400,300,000	81,910,000	41,084,211	1,506,413	524,800,624
Accrued interest payable on notes and bonds	900,123	28,061,008	4,433,886	107,440	33,502,457
Escrows	33,713,558	-	-	-	33,713,558
Federal grand awards held	171,916,176	-	-	-	171,916,176
Accounts payable and other liabilities	24,716,643	-	195,980	-	24,912,623
Total current liabilities	<u>631,546,500</u>	<u>109,971,008</u>	<u>45,714,077</u>	<u>1,613,853</u>	<u>788,845,438</u>
Noncurrent liabilities:					
Bonds payable, net	-	3,750,599,979	832,796,636	38,163,745	4,621,560,360
Project reserves	106,991,167	-	-	-	106,991,167
Loan participation payable to Federal Financing Bank	34,427,343	-	-	-	34,427,343
Other (assets) liabilities	23,088,010	-	-	-	23,088,010
Total noncurrent liabilities	<u>164,506,520</u>	<u>3,750,599,979</u>	<u>832,796,636</u>	<u>38,163,745</u>	<u>4,786,066,880</u>
<b>Total liabilities</b>	<u>796,053,020</u>	<u>3,860,570,987</u>	<u>878,510,713</u>	<u>39,777,598</u>	<u>5,574,912,318</u>
<b>Deferred inflows of resources</b>					
Deferred fees and points on multifamily loans	472,018	62,847,836	-	-	63,319,854
Other postemployment benefits - change in assumptions	665,047	-	-	-	665,047
Other postemployment benefits - difference between expected and actual experience	124,609	-	-	-	124,609
Other postemployment benefits - difference between projected and actual earning	5,757,970	-	-	-	5,757,970
<b>Total deferred inflows of resources</b>	<u>7,019,644</u>	<u>62,847,836</u>	<u>-</u>	<u>-</u>	<u>69,867,480</u>
<b>Net position:</b>					
Net investment in capital assets	10,989,347	402,939	-	-	11,392,286
Restricted by bond indentures	-	1,654,728,544	1,514,525,853	98,056,860	3,267,311,257
Unrestricted	449,567,080	-	-	-	449,567,080
<b>Total net position</b>	<u>\$ 460,556,427</u>	<u>1,655,131,483</u>	<u>1,514,525,853</u>	<u>98,056,860</u>	<u>3,728,270,623</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Revenues, Expenses, and Changes in Net Position (as restated)  
Six months ended December 31, 2022  
(Unaudited)

	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
Operating revenues:					
Interest on mortgage and other loans receivable	\$ 8,754,957	100,745,796	39,103,146	2,460,490	151,064,389
Housing Choice Voucher program administrative income	5,122,450	-	-	-	5,122,450
Gains and recoveries on sale of other real estate owned	50,635	-	153,132	2,189	205,956
Gains on sale of single family mortgage loans	-	-	1,043,578	-	1,043,578
Mortgage servicing fees net of guaranty fees	20,873,794	-	-	-	20,873,794
Other	6,656,209	3,044,718	5,551	-	9,706,478
Total operating revenues	<u>41,458,045</u>	<u>103,790,514</u>	<u>40,305,407</u>	<u>2,462,679</u>	<u>188,016,645</u>
Operating expenses:					
Interest on notes and bonds payable	7,767,918	58,662,214	13,260,678	664,670	80,355,480
Salaries and related employee benefits	36,400,105	-	-	-	36,400,105
General operating expenses	18,518,046	-	-	-	18,518,046
Note and bond expenses	1,035,295	-	-	-	1,035,295
Bond issuance expenses	5,577	970,340	-	-	975,917
Grant expenses	33,423,238	-	-	-	33,423,238
Housing Choice Voucher program expenses	4,104,241	-	-	-	4,104,241
Mortgage servicing rights amortization and other servicing costs	13,986,088	-	(999,725)	-	12,986,363
Losses on other real estate owned	902,877	-	420,132	11,219	1,334,228
Provision for loan losses	(2,300,839)	(5,784,296)	(2,073,321)	(65,042)	(10,223,498)
Total operating expenses	<u>113,842,546</u>	<u>53,848,258</u>	<u>10,607,764</u>	<u>610,847</u>	<u>178,909,415</u>
Operating income (expense)	<u>(72,384,501)</u>	<u>49,942,256</u>	<u>29,697,643</u>	<u>1,851,832</u>	<u>9,107,230</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	94,970,790	-	-	-	94,970,790
Pass-through grants expenses	(94,970,790)	-	-	-	(94,970,790)
Investment income	13,020,780	14,312,061	10,644,935	344,705	38,322,481
Realized loss on investments	(3,758)	-	(41,933,169)	-	(41,936,927)
Unrealized loss on investments	4,128,369	-	(28,849,777)	-	(24,721,408)
Other, net	14,586	-	-	-	14,586
Total nonoperating revenues, net	<u>17,159,977</u>	<u>14,312,061</u>	<u>(60,138,011)</u>	<u>344,705</u>	<u>(28,321,268)</u>
Income (loss) before transfers	<u>(55,224,524)</u>	<u>64,254,317</u>	<u>(30,440,368)</u>	<u>2,196,537</u>	<u>(19,214,038)</u>
Transfers between funds	86,037,817	(94,029,931)	7,949,475	42,639	-
Change in net position	<u>30,813,293</u>	<u>(29,775,614)</u>	<u>(22,490,893)</u>	<u>2,239,176</u>	<u>(19,214,038)</u>
Total net position, beginning of year	429,743,134	1,684,907,097	1,537,016,746	95,817,684	3,747,484,661
Total net position, end of six months	<u>\$ 460,556,427</u>	<u>1,655,131,483</u>	<u>1,514,525,853</u>	<u>98,056,860</u>	<u>3,728,270,623</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Fiduciary Net Position  
Fiduciary Funds - Custodial Funds  
December 31, 2022  
(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, FHLMC, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virginia Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 56,392,292	4,837,790	699,119	2,333,609	64,262,810
Interest receivable - investments	-	11,894	9,140	6,791	27,825
Interest receivable - mortgage and other loans	-	1,046	60,438	8,625	70,109
Other assets	-	64,212	-	-	64,212
Total current assets	<u>56,392,292</u>	<u>4,914,942</u>	<u>768,697</u>	<u>2,349,025</u>	<u>64,424,956</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,702,870	28,984,771	9,800,847	41,488,488
Total noncurrent assets	<u>-</u>	<u>2,702,870</u>	<u>28,984,771</u>	<u>9,800,847</u>	<u>41,488,488</u>
Total assets	<u>56,392,292</u>	<u>7,617,812</u>	<u>29,753,468</u>	<u>12,149,872</u>	<u>105,913,444</u>
<b>LIABILITIES</b>					
Other liabilities	-	2,202,510	1,538,174	2,317,249	6,057,933
Total liabilities	<u>-</u>	<u>2,202,510</u>	<u>1,538,174</u>	<u>2,317,249</u>	<u>6,057,933</u>
<b>NET POSITION</b>					
Restricted for:					
Funds held in escrow	56,392,292	-	-	-	56,392,292
Other governmental agency	-	5,415,302	28,215,294	9,832,623	43,463,219
Total Net Position	<u>\$ 56,392,292</u>	<u>5,415,302</u>	<u>28,215,294</u>	<u>9,832,623</u>	<u>99,855,511</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Changes in Fiduciary Net Position  
Fiduciary Funds - Custodial Funds  
Six months ended December 31, 2022  
(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, FHLMC, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virgina Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>					
Contribution:					
Borrower payments	\$ 912,171,414	-	-	-	912,171,414
Employers	-	24,882	76,208	30,687	131,777
Other governmental agency minus Employers	-	-	3,820,000	800,000	4,620,000
Total Contributions	<u>912,171,414</u>	<u>24,882</u>	<u>3,896,208</u>	<u>830,687</u>	<u>916,923,191</u>
Investment earnings:					
Interest, dividends, and other	-	54,555	34,574	21,410	110,539
Total investment earnings	<u>-</u>	<u>54,555</u>	<u>34,574</u>	<u>21,410</u>	<u>110,539</u>
Total additions	<u>912,171,414</u>	<u>79,437</u>	<u>3,930,782</u>	<u>852,097</u>	<u>917,033,730</u>
<b>DEDUCTIONS</b>					
Other governmental agency	-	-	28,363	-	28,363
Disbursement of escrow funds	949,515,285	-	-	-	949,515,285
Total deductions	<u>949,515,285</u>	<u>-</u>	<u>28,363</u>	<u>-</u>	<u>949,543,648</u>
Net (decrease)/increase in fiduciary net position	(37,343,871)	79,437	3,902,419	852,097	(32,509,918)
Net position - beginning of year	93,736,163	5,335,865	24,312,875	8,980,526	132,365,429
Net position - end of six months	<u>\$ 56,392,292</u>	<u>5,415,302</u>	<u>28,215,294</u>	<u>9,832,623</u>	<u>99,855,511</u>