



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

Basic Financial Statements and
Supplementary Information

December 31, 2022 and 2021

(Unaudited)

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

Table of Contents

	Page
Summary of the Quarterly Report	1
Basic Financial Statements:	
Statements of Net Position – December 31, 2022 and 2021 (Unaudited)	3
Statements of Revenues, Expenses, and Changes in Net Position – Six Months Ended December 31, 2022 and 2021 (Unaudited)	5
Statements of Cash Flows – Six Months Ended December 31, 2022 and 2021 (Unaudited)	6
Statements of Fiduciary Net Position – December 31, 2022 and 2021 (Unaudited)	8
Statements of Changes in Fiduciary Net Position – Six Months Ended December 31, 2022 and 2021 (Unaudited)	9
Notes to Basic Financial Statements (Unaudited)	10
Other Supplementary Information	
1 Combining Schedule of Net Position – December 31, 2022 (Unaudited)	29
2 Combining Schedule of Revenues, Expenses, and Changes in Net Position – Six Months Ended December 31, 2022 (Unaudited)	31
3 Combining Schedule of Fiduciary Net Position – December 31, 2022 (Unaudited)	32
4 Combining Schedule of Changes in Fiduciary Net Position – Six Months Ended December 31, 2022 (Unaudited)	33
5 Combining Schedule of Net Position – December 31, 2021 (Unaudited)	34
6 Combining Schedule of Revenues, Expenses, and Changes in Net Position – Six Months Ended December 31, 2021 (Unaudited)	36
7 Combining Schedule of Fiduciary Net Position – December 31, 2021 (Unaudited)	37
8 Combining Schedule of Changes in Fiduciary Net Position – Six Months Ended December 31, 2021 (Unaudited)	38

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

Summary of the Quarterly Report

December 31, 2022 and 2021

(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 2023. 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, 2022 is available on the Authority's website at 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, 2022 and 2021
(Unaudited)

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,755,945,145	1,726,759,850
Interest receivable – investments	7,537,389	3,018,501
Derivative instruments (note 1)	536,399	1,940,921
Mortgage loans held for sale (note 1)	100,996,971	497,351,764
Mortgage and other loans receivable, net	177,577,646	211,869,808
Interest receivable – mortgage and other loans	23,551,071	23,708,302
Other real estate owned	7,918,488	3,194,802
Other assets	36,284,657	24,606,611
Total current assets	2,110,347,766	2,492,450,559
Noncurrent assets:		
Investments (note 3)	828,229,196	1,053,004,958
Mortgage and other loans receivable	6,456,812,067	6,030,844,416
Less allowance for loan loss (note 1)	132,822,195	162,890,715
Mortgage and other loans receivable, net	6,323,989,872	5,867,953,701
Capital Assets, net of accumulated depreciation and amortization of \$50,941,886 and \$50,385,373 respectively	19,303,562	21,421,996
Mortgage servicing rights, net (note 1)	42,413,617	43,478,985
Other assets	19,104,506	15,246,790
Total noncurrent assets	7,233,040,753	7,001,106,430
Total assets	9,343,388,519	9,493,556,989
Deferred outflows of resources		
Other postemployment benefits - change in assumptions (note 1)	1,911,020	2,071,266
Other postemployment benefits - difference between expected and actual experience (note 1)	6,868,575	6,631,614
Total deferred outflows of resources	8,779,595	8,702,880

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Net Position
December 31, 2022 and 2021
(Unaudited)

	2022	2021
Liabilities		
Current liabilities:		
Notes and bonds payable (note 4)	\$ 524,800,624	805,301,253
Accrued interest payable on notes and bonds	33,502,457	32,549,610
Escrows	33,713,558	33,249,417
Federal grant awards held	171,916,176	16,826,861
Accounts payable and other liabilities	19,356,760	30,330,601
Total current liabilities	783,289,575	918,257,742
Noncurrent liabilities:		
Bonds payable, net (note 4)	4,621,560,360	4,608,535,948
Project reserves	106,991,167	99,955,615
Loan participation payable to Federal Financing Bank (note 5)	34,427,343	35,213,806
Other liabilities	8,344,220	6,534,101
Total noncurrent liabilities	4,771,323,090	4,750,239,470
Total liabilities	5,554,612,665	5,668,497,212
Deferred inflows of resources		
Deferred fees and points on multifamily loans	63,319,854	62,195,062
Other postemployment benefits - change in assumptions (note 1)	665,047	743,223
Other postemployment benefits - difference between expected and actual experience (note 1)	124,609	145,377
Other postemployment benefits - difference between projected and actual earning (note 1)	5,757,970	3,165,139
Total deferred inflows of resources	69,867,480	66,248,801
Net position (notes 1):		
Net investment in capital assets	11,392,286	11,022,353
Restricted by bond indentures	3,267,311,257	3,378,017,096
Unrestricted	448,984,426	378,474,407
Total net position	\$ 3,727,687,969	3,767,513,856

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, 2022 and 2021
(Unaudited)

	2022	2021
Operating revenues:		
Interest on mortgage and other loans receivable	\$ 151,064,389	145,565,573
Housing Choice Voucher program administrative income	5,122,450	4,057,792
Gains and recoveries on sale of other real estate owned	205,956	59,714
Gains on sale of single family mortgage loans	1,043,578	22,331,677
Mortgage servicing fees net of guaranty fees	20,873,794	18,440,798
Other	9,706,478	12,839,583
Total operating revenues	188,016,645	203,295,137
Operating expenses:		
Interest on notes and bonds payable	80,355,480	70,455,871
Salaries and related employee benefits	36,400,105	35,227,193
General operating expenses	18,518,046	14,919,260
Note and bond expenses	1,035,295	629,260
Bond issuance expenses	975,917	3,969,181
Grant expenses	33,423,238	18,610,017
Housing Choice Voucher program expenses	4,104,241	4,064,759
Mortgage servicing rights amortization and other servicing costs	12,986,363	19,213,957
Losses on other real estate owned	1,334,228	398,185
Provision for loan losses (note 1)	(10,223,498)	(6,634,013)
Total operating expenses	178,909,415	160,853,670
Operating income	9,107,230	42,441,467
Nonoperating revenues (losses):		
Pass-through grant awards	94,970,790	164,622,232
Pass-through grants expenses	(94,970,790)	(164,622,232)
Investment income	38,154,299	17,394,488
Realized loss on investments	(41,936,927)	(19,983)
Unrealized loss on investments	(24,553,226)	(10,747,304)
Other, net	14,586	12,989
Total nonoperating (expenses)/revenues, net	(28,321,268)	6,640,190
Change in net position	(19,214,038)	49,081,657
Total net position, beginning of year	3,746,902,007	3,718,432,199
Total net position, end of six months	\$ 3,727,687,969	3,767,513,856

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, 2022 and 2021

(Unaudited)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash payments for mortgage and other loans	\$ (806,605,294)	(1,546,491,867)
Principal repayments on mortgage and other loans	202,924,509	435,678,187
Sale of mortgage loans	575,528,256	652,108,286
Interest received on mortgage and other loans	152,799,797	148,796,739
Pass-through grant awards received	40,076,904	122,052,768
Pass-through grant awards disbursed	(108,015,136)	(164,622,233)
Grant administrative fees received	2,938,962	2,119,448
Housing Choice Voucher payments received	3,617,017	5,158,872
Housing Choice Voucher payments disbursed	(4,219,845)	(7,382,940)
Escrow and project reserve payments received	135,109,472	86,215,400
Escrow and project reserve payments disbursed	(129,037,146)	(96,846,581)
Other operating revenues	26,566,336	51,137,998
Cash received for loan origination fees and loan discounts	674,117	7,402,569
Cash paid for loan origination fees and loan premiums	(1,548,026)	(9,606,905)
Cash payments for salaries and related benefits	(39,201,562)	(37,462,890)
Cash payments on grants	(33,423,237)	(18,610,018)
Cash payments for general operating expenses	(24,792,355)	(13,409,614)
Cash payments for servicing release premiums and guaranty fees	(15,853,100)	(23,658,494)
Proceeds from sale of other real estate owned	5,751,674	269,179
Net cash used in operating activities	<u>(16,708,657)</u>	<u>(407,152,096)</u>
Cash flows from noncapital financing activities:		
Proceeds from issuance of notes and bonds	243,987,740	662,803,047
Principal payments on notes and bonds	(487,774,663)	(317,937,034)
Principal payments on loan participation - FFB	(397,190)	(381,521)
Interest payments on notes and bonds	(78,867,259)	(71,600,302)
Cash payments for bond issuance expenses	(975,917)	(3,969,181)
Net cash (used in)/provided by noncapital financing activities	<u>(324,027,289)</u>	<u>268,915,009</u>
Cash flows from capital and related financing activities:		
Purchases of property, furniture, and equipment	(82,924)	196,390
Net cash (used in)/provided by capital and related financing activities	<u>(82,924)</u>	<u>196,390</u>
Cash flows from investing activities:		
Purchases of investments	-	96,767,092
Proceeds from sales or maturities of investments	235,308,209	(18,230,325)
Interest received on investments	35,392,563	16,772,022
Net cash provided by investing activities	<u>270,700,772</u>	<u>95,308,789</u>
Net decrease in cash and cash equivalents	<u>(70,118,098)</u>	<u>(42,731,908)</u>
Cash and cash equivalents, at beginning of year	1,826,063,243	1,769,491,758
Cash and cash equivalents, at end of six months	\$ <u>1,755,945,145</u>	<u>1,726,759,850</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Cash Flows
Six months ended December 31, 2022 and 2021
(Unaudited)

	2022	2021
Reconciliation of operating income to net cash provided by/(used in) operating activities:		
Operating income	\$ 9,107,230	42,441,467
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation of property, furniture, and equipment	1,831,394	1,861,776
Bond issuance costs	975,917	3,969,181
Interest on notes and bonds payable	80,355,480	70,455,871
Decrease/(increase) in mortgage loans held for sale	215,109,038	(335,172,995)
Increase in mortgage and other loans receivable	(243,397,856)	(130,154,069)
Decrease in allowance for loan loss	(10,632,908)	(6,691,884)
Decrease in interest receivable – mortgage and other loans	341,715	2,158,004
Increase in other real estate owned	(3,300,347)	(172,310)
Decrease in mortgage servicing rights	1,660,940	933,597
Increase in other assets	(10,070,925)	(10,104,813)
(Decrease)/increase in deferred inflows of resources	(614,336)	12,946,567
Decrease in Federal funds held	(54,893,886)	(42,569,466)
Decrease in accounts payable and other liabilities	(9,098,844)	(6,871,492)
Increase/(decrease) in escrows and project reserves	5,918,731	(10,181,530)
Net cash used in operating activities	\$ (16,708,657)	(407,152,096)
Supplemental disclosure of noncash activity:		
Increase in other real estate owned as a result of loan foreclosures	\$ 8,821,406	381,777
Decrease in mortgage and other loans receivable from transferring loans to MBS securities retained as investments	\$ 70,188,682	58,087,897

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, 2022 and 2021
(Unaudited)

	<u>2022</u>		<u>2021</u>	
	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,669	64,262,810	729,473	105,219,481
Interest receivable - investments	-	27,825	-	320
Interest receivable - mortgage and other loans	-	70,109	-	60,121
Other assets	-	64,212	-	65,710
Total current assets	<u>1,669</u>	<u>64,424,956</u>	<u>729,473</u>	<u>105,345,632</u>
Noncurrent assets:				
Mortgage and other loans receivable	-	41,488,488	-	32,248,947
Investments	46,422,784	-	48,725,146	-
Total noncurrent assets	<u>46,422,784</u>	<u>41,488,488</u>	<u>48,725,146</u>	<u>32,248,947</u>
Total assets	<u>46,424,453</u>	<u>105,913,444</u>	<u>49,454,619</u>	<u>137,594,579</u>
LIABILITIES				
Accounts payable	-	-	727,928	-
Other liabilities	-	6,057,933	-	2,701,352
Total liabilities	<u>-</u>	<u>6,057,933</u>	<u>727,928</u>	<u>2,701,352</u>
NET POSITION				
Restricted for:				
Other postemployment benefit plan other than pension	46,424,453	-	48,726,691	-
Funds held in escrow	-	56,392,292	-	99,337,735
Other governmental agency	-	43,463,219	-	35,555,492
Total Net Position	<u>\$ 46,424,453</u>	<u>99,855,511</u>	<u>48,726,691</u>	<u>134,893,227</u>

*June 30, 2022 and 2021 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, 2022 and 2021
(Unaudited)

	<u>2022</u>		<u>2021</u>	
	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>
ADDITIONS				
Contribution:				
Borrower payments	\$ -	912,171,414	-	1,518,072,842
Employers	43,800	131,777	55,083	141,569
Other governmental agency	-	4,620,000	-	6,128,525
Total Contributions	<u>43,800</u>	<u>916,923,191</u>	<u>55,083</u>	<u>1,524,342,936</u>
Investment earnings:				
Net increase/(decrease) in fair value of investments	(7,667,627)	-	3,343,466	-
Interest, dividends, and other	391,017	110,539	375,299	7,905
Securities lending income (gain on sales)	200,911	-	45,348	-
Total investment earnings	<u>(7,075,699)</u>	<u>110,539</u>	<u>3,764,113</u>	<u>7,905</u>
Total additions	<u>(7,031,899)</u>	<u>917,033,730</u>	<u>3,819,196</u>	<u>1,524,350,841</u>
DEDUCTIONS				
Other governmental agency	-	28,363	-	28,081
Disbursement of escrow funds	-	949,515,285	-	1,559,348,650
Administrative expense	43,800	-	55,083	-
Total deductions	<u>43,800</u>	<u>949,543,648</u>	<u>55,083</u>	<u>1,559,376,731</u>
Net (decrease)/increase in fiduciary net position	(7,075,699)	(32,509,918)	3,764,113	(35,025,890)
Net position - beginning of year	53,500,152	132,365,429	44,962,578	169,919,117
Net position - end of six months	<u>\$ 46,424,453</u>	<u>99,855,511</u>	<u>48,726,691</u>	<u>134,893,227</u>

*June 30, 2022 and 2021 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, 2022 and 2021

(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, 2022, the Authority had outstanding 45 forward sales transactions with a \$154.1 million notional amount with six counterparties. At December 31, 2021, the Authority had outstanding 60 forward sales transactions with a \$681.0 million notional amount with five counterparties.

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(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, 2022 and 2021

(Unaudited)

The allowance for loan losses decreased by \$10,632,908 for the six months ended December 31, 2022 and decreased by \$6,691,884 for the six months ended December 31, 2021.

	Six months ended December 31	
	2022	2021
Beginning Balance, July 1	\$ 143,455,103	169,582,599
Provision:		
Homeownership	(4,320,985)	(4,466,227)
Rental Housing	(5,902,513)	(2,167,786)
Provision	(10,223,498)	(6,634,013)
Net (charge-offs)/recoveries:		
Homeownership	(409,410)	(57,871)
Rental Housing	-	-
Net charge-offs	(409,410)	(57,871)
Net change	(10,632,908)	(6,691,884)
Ending Balance, December 31	\$ <u>132,822,195</u>	<u>162,890,715</u>

(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

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

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, Deferred Outflows of Resources and Deferred Inflows of Resources.

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

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.

(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.

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

(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, 2022 and 2021, the carrying amount of the Authority's deposits was \$228,436,557 and \$93,293,310, respectively. The associated bank balance of the Authority's deposits was \$210,254,991 and \$282,579,738 at December 31, 2022 and 2021, 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, 2022 and 2021, total cash equivalents were \$1,527,508,588 and \$1,633,466,540, 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.

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

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>

As of December 31, 2021, 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	\$ 779,923,625	-	-	-	779,923,625
Repurchase agreements	625,000,000	-	-	-	625,000,000
Asset-backed securities	-	-	284,295	1,851,469	2,135,764
Collateralized mortgage obligations	-	-	-	24,182,639	24,182,639
Agency-mortgage backed securities	-	-	668,937	1,024,517,618	1,025,186,555
Money market securities	228,542,915	-	-	-	228,542,915
Total investments	<u>\$ 1,633,466,540</u>	<u>-</u>	<u>953,232</u>	<u>1,050,551,726</u>	<u>2,684,971,498</u>

(b) Equity Investment

On January 31, 2021, the Authority made an equity investment in IndieDwell Virginia Inc. for \$1.5 million, which equates to a 37.5 percent interest in the company. As of December 31, 2022, the equity investment has a fair market value of \$1.1 million. Additionally, two of the five Board members of the company are Authority associates which together giving the Authority reasonable influence of the company. Therefore, the Authority will be using the equity method of accounting for the investment. IndieDwell Virginia Inc. is currently in the developmental stages to acquire a location to begin its home manufacturing process in Virginia some time in 2023.

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

(4) Notes and Bonds Payable

Notes and bonds payable at June 30, 2022 and December 31, 2022 and changes for the six months ended December 31, 2022 were as follows:

Description	Balance at June 30, 2022	Issued	Retired	Balance at December 31, 2022
(Amounts shown in thousands)				
General operating accounts:				
Revolving line of credit:				
Bank of America				
floating daily rate (rate of				
4.37% at December 31, 2022)				
termination date of December 1, 2026	\$ —	90,000	90,000	—
Federal Home Loan Bank				
varying fixed rate notes with 30-day maturities				
(average of 4.19% as of December 31, 2022 and				
0.83% at December 31, 2021), maturities range				
from January 3, 2023 to January 23, 2023	710,300	—	310,000	400,300
Total general operating	<u>710,300</u>	<u>—</u>	<u>310,000</u>	<u>400,300</u>
accounts	\$ 710,300	90,000	400,000	400,300

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

Description	Balance at June 30, 2022	Issued	Retired	Balance at December 31, 2022
(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	\$ 121,810	—	5,760	116,050
2012 Series E dated November 2, 2013, 3.16% effective interest rate, final due date November 1, 2042	8,590	—	290	8,300
2013 Series A/B dated April 11, 2013, 3.95% effective interest rate, final due date April 1, 2043	27,575	—	—	27,575
2013 Series C dated May 2, 2013, 3.82% effective interest rate, final due date February 1, 2043	131,440	—	2,245	129,195
2013 Series D dated May 30, 2013, 4.06% effective interest rate, final due date June 1, 2043	91,810	—	1,430	90,380
2013 Series E dated July 11, 2013, 4.15% effective interest rate, final due date July 1, 2043	17,405	—	550	16,855
2013 Series F dated October 10, 2013, 4.98% effective interest rate, final due date October 1, 2043	50,490	—	1,360	49,130
2013 Series G dated December 3, 2013, 4.39% effective interest rate, final due date December 1, 2043	8,920	—	250	8,670
2014 Series A dated August 19, 2014, 3.75% effective interest rate, final due date August 1, 2049	11,390	—	240	11,150
2014 Series B dated October 28, 2014, 3.30% effective interest rate, final due date October 1, 2044	7,695	—	230	7,465
2014 Series C dated November 20, 2014, 4.29% effective interest rate, final due date November 1, 2044	114,420	—	3,265	111,155

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

Description	Balance at June 30, 2022	Issued	Retired	Balance at December 31, 2022
		(Amounts shown in thousands)		
2015 Series A dated March 18, 2015, 3.50% effective interest rate, final due date March 1, 2045	\$ 33,865	—	—	33,865
2015 Series B dated May 12, 2015, 3.44% effective interest rate, final due date May 1, 2045	10,065	—	—	10,065
2015 Series C dated August 5, 2015, 3.68% effective interest rate, final due date August 1, 2045	20,055	—	580	19,475
2015 Series D dated November 10, 2015, 3.55% effective interest rate, final due date November 1, 2045	30,935	—	900	30,035
2015 Series E/F dated December 8, 2015, 3.94% effective interest rate, final due date December 1, 2045	73,530	—	1,960	71,570
2016 Series A dated March 8, 2016, 2.99% effective interest rate, final due date March 1, 2046	4,250	—	—	4,250
2016 Series B dated May 17, 2016, 3.35% effective interest rate, final due date May 1, 2046	62,065	—	915	61,150
2016 Series C dated July 19, 2016, 2.72% effective interest rate, final due date July 1, 2046	4,215	—	120	4,095
2016 Series D dated October 18, 2016, 2.89% effective interest rate, final due date October 1, 2046	7,160	—	210	6,950
2017 Series A dated March 14, 2017, 3.66% effective interest rate, final due date March 1, 2049	26,170	—	—	26,170
2017 Series B dated June 13, 2017, 3.35% effective interest rate, final due date June 1, 2047	6,375	—	—	6,375
2017 Series C dated September 13, 2017, 3.24% effective interest rate, final due date September 1, 2047	2,685	—	75	2,610

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

Description	Balance at June 30, 2022	Issued	Retired	Balance at December 31, 2022
		(Amounts shown in thousands)		
2017 Series D dated October 19, 2017, 3.21% effective interest rate, final due date October 1, 2047	\$ 5,250	—	145	5,105
2017 Series E dated December 5, 2017, 3.28% effective interest rate, final due date December 1, 2050	45,875	—	1,070	44,805
2018 Series A dated March 27, 2018, 3.62% effective interest rate, final due date March 1, 2053	32,340	—	—	32,340
2018 Series B dated June 5, 2018, 3.76% effective interest rate, final due date June 1, 2053	26,270	—	—	26,270
2018 Series C dated August 28, 2018, 3.63% effective interest rate, final due date August 1, 2053	18,405	—	340	18,065
2018 Series D dated October 2, 2018, 3.79% effective interest rate, final due date October 1, 2053	71,105	—	1,325	69,780
2018 Series E dated December 4, 2018, 3.90% effective interest rate, final due date December 1, 2049	42,090	—	7,610	34,480
2019 Series A dated March 26, 2019, 3.70% effective interest rate, final due date March 1, 2054	62,405	—	615	61,790
2019 Series B dated May 22, 2019, 3.10% effective interest rate, final due date May 1, 2054	16,620	—	—	16,620
2019 Series C dated August 21, 2019 3.13% effective interest rate, final due date August 1, 2054	49,575	—	875	48,700
2019 Series D dated October 16, 2019 3.12% effective interest rate, final due date October 1, 2054	49,570	—	890	48,680
2019 Series E dated December 12, 2019 2.89% effective interest rate, final due date December 1, 2054	63,700	—	6,810	56,890

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

Description	Balance at June 30, 2022	Issued	Retired	Balance at December 31, 2022
		(Amounts shown in thousands)		
2020 Series A dated March 25, 2020 2.74% effective interest rate, final due date March 1, 2055	\$ 74,300	—	—	74,300
2020 Series B dated March 25, 2020 2.30% effective interest rate, final due date March 1, 2055	75,905	—	—	75,905
2020 Series C dated April 28, 2020 3.57% effective interest rate, final due date April 1, 2055	200,000	—	—	200,000
2020 Series D dated May 27, 2020 3.58% effective interest rate, final due date June 1, 2055	425,000	—	—	425,000
2020 Series E dated July 28, 2020 2.40% effective interest rate, final due date July 1, 2055	44,770	—	—	44,770
2020 Series F dated July 21, 2020 3.09% effective interest rate, final due date July 1, 2055	200,000	—	—	200,000
2020 Series G dated October 14, 2020 2.20% effective interest rate, final due date September 1, 2055	23,050	—	—	23,050
2020 Series H dated October 7, 2020 2.94% effective interest rate, final due date September 1, 2055	175,000	—	—	175,000
2020 Series I dated December 9, 2020 2.33% effective interest rate, final due date November 1, 2053	44,970	—	—	44,970
2020 Series J dated December 2, 2020 3.04% effective interest rate, final due date November 1, 2055	50,000	—	—	50,000
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 2.12% effective interest rate, final due date March 1, 2056	49,975	—	—	49,975
2021 Series C dated April 22, 2021 2.85% effective interest rate, final due date April 1, 2056	101,620	—	—	101,620

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

Description	Balance at June 30, 2022	Issued	Retired	Balance at December 31, 2022
		(Amounts shown in thousands)		
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	80,000	—	—	80,000
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	—	—	149,080
2022 Series A dated February 2, 2022 2.95% effective interest rate, final due date February 1, 2057	40,000	—	—	40,000
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
	<u>3,719,060</u>	<u>154,310</u>	<u>40,060</u>	<u>3,833,310</u>
Unamortized premium	(493)	<u>(322)</u>	<u>15</u>	<u>(800)</u>
Total rental housing bonds	<u>\$ 3,718,567</u>			<u>3,832,510</u>

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

Description	Balance at June 30, 2022	Issued	Retired	Balance at December 31, 2022
(Amounts shown in thousands)				
Commonwealth mortgage bonds group:				
2006 Series C, dated June 8, 2006, 6.37% effective interest rate, final due date June 25, 2034	\$ 5,259	—	382	4,877
2008 Series A, dated March 25, 2008, 6.13% effective interest rate, final due March 25, 2038	6,266	—	656	5,610
2008 Series B, dated April 10, 2008, 6.20% effective interest rate, final due date March 25, 2038	9,757	—	921	8,836
2008 Series C, dated November 18, 2008, 6.56% effective interest rate, final due date June 25, 2038	4,065	—	273	3,792
2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026	36,400	—	4,000	32,400
2012 Series B/C, dated December 20, 2012, 3.09% effective interest rate, final due date July 1, 2039.	215,370	—	—	215,370
2013 Series B, dated May 21, 2013, 2.75% effective interest rate, final due date April 25, 2042	18,781	—	1,599	17,182
2013 Series C, dated October 24, 2013, 4.25% effective interest rate, final due date October 25, 2043	22,367	—	1,600	20,767
2013 Series D, dated December 19, 2013, 4.30% effective interest rate, final due date December 25, 2043	20,931	—	1,991	18,940
2014 Series A, dated December 11, 2014, 3.50% effective interest rate, final due date October 25, 2037	32,296	—	2,697	29,599

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

Description	Balance at June 30, 2022	Issued	Retired	Balance at December 31, 2022
		(Amounts shown in thousands)		
2015 Series A, dated November 10, 2015, 3.25% effective interest rate, final due date June 25, 2045	\$ 51,276	—	4,422	46,854
2016 Series A, dated June 9, 2016, 3.10% effective interest rate, final due date June 25, 2041	48,571	—	3,241	45,330
2017 Series A, dated June 13, 2017, 3.13% effective interest rate, final due date November 25, 2039	58,212	—	4,480	53,732
2019 Series A, dated November 5, 2019, 2.95% effective interest rate, final due date October 25, 2049	51,158	—	3,035	48,123
2020 Series A, dated February 12, 2020, 2.85% effective interest rate, final due date December 25, 2049	67,937	—	4,186	63,751
2020 Series B, dated April 21, 2020, 2.75% effective interest rate, final due date October 25, 2046	85,389	—	5,758	79,631
2021 Series A, dated August 17, 2021, 2.13% effective interest rate, final due date July 25, 2051	143,911	—	4,521	139,390
2022 Series A, dated February 1, 2022, 2.88% effective interest rate, final due date February 25, 2052	41,048	—	988	40,060
	918,994	—	44,750	874,244
Unamortized premium	(396)	—	33	(363)
Total commonwealth mortgage bonds group	\$ 918,598			873,881

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

<u>Description</u>	<u>Balance at June 30, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at December 31, 2022</u>
		(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	\$ 42,634	—	2,964	39,670
Total homeownership mortgage bonds group	<u>42,634</u>	<u>—</u>	<u>2,964</u>	<u>39,670</u>
 Total	 \$ <u>5,390,099</u>			 <u>5,146,361</u>

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

Notes and bonds payable at June 30, 2021 and December 31, 2021 and changes for the six months ended December 31, 2021 were summarized as follows (amounts in thousands):

Description	Balance at June 30, 2021	Issued	Retired	Increase/ (decrease) in unamortized premium/ discount	Balance at December 31, 2021
General operating accounts	\$ 710,300	20,000	20,000	-	710,300
Rental housing bonds group	3,340,043	491,635	144,790	12	3,686,900
Commonwealth mortgage bonds group	964,300	151,168	145,894	76	969,650
Homeownership mortgage bonds group	54,241	-	7,254	-	46,987
Total	<u>\$ 5,068,884</u>	<u>662,803</u>	<u>317,938</u>	<u>88</u>	<u>5,413,837</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, 2023 and thereafter are as follows:

Year Ending December 31	Outstanding principal	Current interest	Total debt service
2023	\$ 524,800,624	166,206,847	691,007,471
2024	123,465,000	146,768,697	270,233,697
2025	126,595,000	144,378,552	270,973,552
2026	135,715,000	141,810,231	277,525,231
2027	107,575,000	138,413,324	245,988,324
2028-2032	589,550,000	645,434,312	1,234,984,312
2033-2037	666,515,455	550,277,427	1,216,792,882
2038-2042	878,933,363	424,631,287	1,303,564,650
2043-2047	745,848,349	271,264,300	1,017,112,649
2048-2052	870,026,088	148,410,900	1,018,436,988
2053-2057	361,940,000	30,052,227	391,992,227
2058-2062	11,190,000	3,312,075	14,502,075
2063-2067	5,370,000	436,450	5,806,450
Total	<u>\$ 5,147,523,879</u>	<u>2,811,396,629</u>	<u>7,958,920,508</u>

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

Notes to Basic Financial Statements

December 31, 2022 and 2021

(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
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2022 and 2021

(Unaudited)

Description	Balance at June 30, 2022	Issued	Retired	Balance at December 31, 2022
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	\$ 2,744,589	—	29,450	2,715,139
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	7,119,941	—	77,887	7,042,054
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	5,231,730	—	45,055	5,186,675
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	6,489,274	—	102,957	6,386,317
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	3,505,695	—	36,510	3,469,185
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	2,305,525	—	24,011	2,281,514
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	4,210,652	—	46,099	4,164,553
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	3,217,127	—	35,221	3,181,906
Total participation certificates payable	<u>\$ 34,824,533</u>	<u>—</u>	<u>397,190</u>	<u>34,427,343</u>

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

Assets	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current assets:					
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>
Noncurrent assets:					
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 \$50,941,886	12,032,119	7,271,443	-	-	19,303,562
Mortgage servicing rights, net	42,413,617	-	-	-	42,413,617
Other Assets	19,104,506	-	-	-	19,104,506
Total noncurrent assets	<u>858,833,511</u>	<u>4,428,781,624</u>	<u>1,839,826,914</u>	<u>105,598,704</u>	<u>7,233,040,753</u>
Total assets	<u>1,233,967,189</u>	<u>5,578,550,306</u>	<u>2,393,036,566</u>	<u>137,834,458</u>	<u>9,343,388,519</u>
Deferred outflows of resources					
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>8,779,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,779,595</u>

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

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Liabilities					
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	19,160,780	-	195,980	-	19,356,760
Total current liabilities	<u>625,990,637</u>	<u>109,971,008</u>	<u>45,714,077</u>	<u>1,613,853</u>	<u>783,289,575</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	8,344,220	-	-	-	8,344,220
Total noncurrent liabilities	<u>149,762,730</u>	<u>3,750,599,979</u>	<u>832,796,636</u>	<u>38,163,745</u>	<u>4,771,323,090</u>
Total liabilities	<u>775,753,367</u>	<u>3,860,570,987</u>	<u>878,510,713</u>	<u>39,777,598</u>	<u>5,554,612,665</u>
Deferred inflows of resources					
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
Total deferred inflows of resources	<u>7,019,644</u>	<u>62,847,836</u>	<u>-</u>	<u>-</u>	<u>69,867,480</u>
Net position:					
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	448,984,426	-	-	-	448,984,426
Total net position	<u>\$ 459,973,773</u>	<u>1,655,131,483</u>	<u>1,514,525,853</u>	<u>98,056,860</u>	<u>3,727,687,969</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, 2022
(Unaudited)

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
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)	(72,384,501)	49,942,256	29,697,643	1,851,832	9,107,230
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	12,852,598	14,312,061	10,644,935	344,705	38,154,299
Realized loss on investments	(3,758)	-	(41,933,169)	-	(41,936,927)
Unrealized gain (loss) on investments	4,296,551	-	(28,849,777)	-	(24,553,226)
Other, net	14,586	-	-	-	14,586
Total nonoperating (expenses)/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	(55,224,524)	64,254,317	(30,440,368)	2,196,537	(19,214,038)
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	429,160,480	1,684,907,097	1,537,016,746	95,817,684	3,746,902,007
Total net position, end of six months	<u>\$ 459,973,773</u>	<u>1,655,131,483</u>	<u>1,514,525,853</u>	<u>98,056,860</u>	<u>3,727,687,969</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>
ASSETS					
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>
LIABILITIES					
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>
NET POSITION					
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)

	Escrow Funds (GNMA, FNMA, FHLMC, Habitat)	Commonwealth Priority Housing Fund	Virgina Housing Trust Fund	National Housing Trust Fund	Total Custodial Funds
ADDITIONS					
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>
DEDUCTIONS					
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>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position
December 31, 2021
(Unaudited)

Assets	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current assets:					
Cash and cash equivalents	\$ 174,886,151	1,328,566,834	208,774,981	14,531,884	1,726,759,850
Interest receivable – investments	2,099,534	60,660	857,639	668	3,018,501
Derivative instruments	-	-	1,940,921	-	1,940,921
Mortgage loans held for sale	-	-	497,351,764	-	497,351,764
Mortgage and other loans receivable, net	7,448,580	107,967,216	92,211,651	4,242,361	211,869,808
Interest receivable – mortgage and other loans	636,675	17,554,811	5,200,278	316,538	23,708,302
Other real estate owned	1,870,397	427,000	551,929	345,476	3,194,802
Other assets	24,599,064	-	7,547	-	24,606,611
Total current assets	<u>211,540,401</u>	<u>1,454,576,521</u>	<u>806,896,710</u>	<u>19,436,927</u>	<u>2,492,450,559</u>
Noncurrent assets:					
Investments	829,389,642	-	222,115,316	1,500,000	1,053,004,958
Mortgage and other loans receivable	257,071,599	4,099,619,567	1,552,764,787	121,388,463	6,030,844,416
Less allowance for loan loss	50,562,680	62,006,208	48,849,437	1,472,390	162,890,715
Mortgage and other loans receivable, net	<u>206,508,919</u>	<u>4,037,613,359</u>	<u>1,503,915,350</u>	<u>119,916,073</u>	<u>5,867,953,701</u>
Capital Assets, net of accumulated depreciation and amortization of \$50,385,373	13,454,119	7,967,877	-	-	21,421,996
Mortgage servicing rights, net	43,478,985	-	-	-	43,478,985
Other Assets	15,246,790	-	-	-	15,246,790
Total noncurrent assets	<u>1,108,078,455</u>	<u>4,045,581,236</u>	<u>1,726,030,666</u>	<u>121,416,073</u>	<u>7,001,106,430</u>
Total assets	<u><u>1,319,618,856</u></u>	<u><u>5,500,157,757</u></u>	<u><u>2,532,927,376</u></u>	<u><u>140,853,000</u></u>	<u><u>9,493,556,989</u></u>
Deferred outflows of resources					
Other postemployment benefits - change in assumptions	2,071,266	-	-	-	2,071,266
Other postemployment benefits - difference between expected and actual experience	6,631,614	-	-	-	6,631,614
Total Deferred outflows of resources	<u>8,702,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,702,880</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position
December 31, 2021
(Unaudited)

Liabilities	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current liabilities:					
Notes and bonds payable	710,300,000	52,045,000	41,331,485	1,624,768	805,301,253
Accrued interest payable on notes and bonds	38,561	27,488,570	4,895,223	127,256	32,549,610
Escrows	33,249,417	-	-	-	33,249,417
Federal grant awards held	16,826,861	-	-	-	16,826,861
Accounts payable and other liabilities	30,152,226	-	178,375	-	30,330,601
Total current liabilities	<u>790,567,065</u>	<u>79,533,570</u>	<u>46,405,083</u>	<u>1,752,024</u>	<u>918,257,742</u>
Noncurrent liabilities:					
Bonds payable, net	-	3,634,855,025	928,318,996	45,361,927	4,608,535,948
Project reserves	99,955,615	-	-	-	99,955,615
Loan participation payable to Federal Financing Bank	35,213,806	-	-	-	35,213,806
Other liabilities	6,534,101	-	-	-	6,534,101
Total noncurrent liabilities	<u>141,703,522</u>	<u>3,634,855,025</u>	<u>928,318,996</u>	<u>45,361,927</u>	<u>4,750,239,470</u>
Total liabilities	<u>932,270,587</u>	<u>3,714,388,595</u>	<u>974,724,079</u>	<u>47,113,951</u>	<u>5,668,497,212</u>
Deferred inflows of resources					
Deferred fees and points on multifamily loans	330,585	61,864,477	-	-	62,195,062
Other postemployment benefits - change in assumptions	743,223	-	-	-	743,223
Other postemployment benefits - difference between expected and actual experience	145,377	-	-	-	145,377
Other postemployment benefits - difference between projected and actual earning	3,165,139	-	-	-	3,165,139
Total deferred inflows of resources	<u>4,384,324</u>	<u>61,864,477</u>	<u>-</u>	<u>-</u>	<u>66,248,801</u>
Net position:					
Net investment in capital assets	13,192,418	(2,170,065)	-	-	11,022,353
Restricted by bond indentures	-	1,726,074,750	1,558,203,297	93,739,049	3,378,017,096
Unrestricted	378,474,407	-	-	-	378,474,407
Total net position	<u>\$ 391,666,825</u>	<u>1,723,904,685</u>	<u>1,558,203,297</u>	<u>93,739,049</u>	<u>3,767,513,856</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, 2021
(Unaudited)

	<u>General Operating Accounts</u>	<u>Rental Housing Bond Group</u>	<u>Commonwealth Mortgage Bond Group</u>	<u>Home- ownership Bond Group</u>	<u>Total</u>
Operating revenues:					
Interest on mortgage and other loans receivable	\$ 4,418,877	101,366,415	36,951,794	2,828,487	145,565,573
Housing Choice Voucher program administrative income	4,057,792	-	-	-	4,057,792
Gains and recoveries on sale of other real estate owned	58,265	-	-	1,449	59,714
Gains on sale of single family mortgage loans	-	-	22,331,677	-	22,331,677
Mortgage servicing fees net of guaranty fees	18,440,798	-	-	-	18,440,798
Other	7,847,452	4,992,019	112	-	12,839,583
Total operating revenues	<u>34,823,184</u>	<u>106,358,434</u>	<u>59,283,583</u>	<u>2,829,936</u>	<u>203,295,137</u>
Operating expenses:					
Interest on notes and bonds payable	689,187	53,872,151	15,082,240	812,293	70,455,871
Salaries and related employee benefits	35,227,193	-	-	-	35,227,193
General operating expenses	14,916,987	-	2,273	-	14,919,260
Note and bond expenses	629,260	-	-	-	629,260
Bond issuance expenses	159,013	3,024,781	785,387	-	3,969,181
Grant expenses	18,610,017	-	-	-	18,610,017
Housing Choice Voucher program expenses	4,064,759	-	-	-	4,064,759
Mortgage servicing rights amortization and other servicing costs	12,977,747	-	6,236,210	-	19,213,957
Losses on other real estate owned	272,723	-	95,874	29,588	398,185
Provision for loan losses	(3,049,640)	(2,190,024)	(1,256,020)	(138,329)	(6,634,013)
Total operating expenses	<u>84,497,246</u>	<u>54,706,908</u>	<u>20,945,964</u>	<u>703,552</u>	<u>160,853,670</u>
Operating income (expense)	<u>(49,674,062)</u>	<u>51,651,526</u>	<u>38,337,619</u>	<u>2,126,384</u>	<u>42,441,467</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	164,622,232	-	-	-	164,622,232
Pass-through grants expenses	(164,622,232)	-	-	-	(164,622,232)
Investment income	13,075,236	235,563	4,081,472	2,217	17,394,488
Realized loss on investments	(19,983)	-	-	-	(19,983)
Unrealized loss on investments	(8,609,779)	-	(2,137,525)	-	(10,747,304)
Other, net	12,989	-	-	-	12,989
Total nonoperating revenues, net	<u>4,458,463</u>	<u>235,563</u>	<u>1,943,947</u>	<u>2,217</u>	<u>6,640,190</u>
Income (loss) before transfers	<u>(45,215,599)</u>	<u>51,887,089</u>	<u>40,281,566</u>	<u>2,128,601</u>	<u>49,081,657</u>
Transfers between funds	58,775,254	(39,338,243)	(19,503,992)	66,981	-
Change in net position	<u>13,559,655</u>	<u>12,548,846</u>	<u>20,777,574</u>	<u>2,195,582</u>	<u>49,081,657</u>
Total net position, beginning of year	378,107,170	1,711,355,839	1,537,425,723	91,543,467	3,718,432,199
Total net position, end of six months	<u>\$ 391,666,825</u>	<u>1,723,904,685</u>	<u>1,558,203,297</u>	<u>93,739,049</u>	<u>3,767,513,856</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, 2021
(Unaudited)

	Escrow Funds (GNMA, FNMA, FHLMC, Habitat)	Commonwealth Priority Housing Fund	Virginia Housing Trust Fund	National Housing Trust Fund	Total Custodial Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 99,337,735	3,794,094	1,274,027	813,625	105,219,481
Interest receivable - investments	-	185	79	56	320
Interest receivable - mortgage and other loans	-	1,046	52,204	6,871	60,121
Other assets	-	65,710	-	-	65,710
Total current assets	<u>99,337,735</u>	<u>3,861,035</u>	<u>1,326,310</u>	<u>820,552</u>	<u>105,345,632</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,254,370	22,593,730	7,400,847	32,248,947
Total noncurrent assets	<u>-</u>	<u>2,254,370</u>	<u>22,593,730</u>	<u>7,400,847</u>	<u>32,248,947</u>
Total assets	<u>99,337,735</u>	<u>6,115,405</u>	<u>23,920,040</u>	<u>8,221,399</u>	<u>137,594,579</u>
LIABILITIES					
Other liabilities	-	656,771	1,233,044	811,537	2,701,352
Total liabilities	<u>-</u>	<u>656,771</u>	<u>1,233,044</u>	<u>811,537</u>	<u>2,701,352</u>
NET POSITION					
Restricted for:					
Other postemployment benefit plan other than pension	99,337,735	-	-	-	99,337,735
Funds held in escrow	-	5,458,634	22,686,996	7,409,862	35,555,492
Other governmental agency	-	-	-	-	-
Total Net Position	<u>\$ 99,337,735</u>	<u>5,458,634</u>	<u>22,686,996</u>	<u>7,409,862</u>	<u>134,893,227</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 Decmeber 31, 2021
(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>
ADDITIONS					
Contribution:					
Borrower payments	\$ 1,518,072,842	-	-	-	1,518,072,842
Employers	-	22,091	86,619	32,859	141,569
Other governmental agency minus Employers	-	-	3,928,525	2,200,000	6,128,525
Total Contributions	<u>1,518,072,842</u>	<u>22,091</u>	<u>4,015,144</u>	<u>2,232,859</u>	<u>1,524,342,936</u>
Investment earnings:					
Interest, dividends, and other	-	7,195	457	253	7,905
Total investment earnings	<u>-</u>	<u>7,195</u>	<u>457</u>	<u>253</u>	<u>7,905</u>
Total additions	<u>1,518,072,842</u>	<u>29,286</u>	<u>4,015,601</u>	<u>2,233,112</u>	<u>1,524,350,841</u>
DEDUCTIONS					
Other governmental agency	-	-	28,081	-	28,081
Disbursement of escrow funds	1,559,348,650	-	-	-	1,559,348,650
Total deductions	<u>1,559,348,650</u>	<u>-</u>	<u>28,081</u>	<u>-</u>	<u>1,559,376,731</u>
Net increase in fiduciary net position	(41,275,808)	29,286	3,987,520	2,233,112	(35,025,890)
Net position - beginning of year	140,613,543	5,429,348	18,699,476	5,176,750	169,919,117
Net position - end of six months	<u>\$ 99,337,735</u>	<u>5,458,634</u>	<u>22,686,996</u>	<u>7,409,862</u>	<u>134,893,227</u>