



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

Basic Financial Statements and
Supplementary Information

March 31, 2024 and 2023

(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

March 31, 2024 and 2023

(Unaudited)

This condensed report provides highlights of the financial performance of the Virginia Housing Development Authority (the Authority) for the third 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 third 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.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Net Position
March 31, 2024 and 2023
(Unaudited)

	2024	2023 (as restated)
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,539,921,907	1,430,639,165
Investments (note 3)	687,732,000	186,765,700
Interest receivable – investments	23,755,703	10,971,167
Mortgage loans held for sale (note 1)	43,396,080	173,239,921
Mortgage and other loans receivable, net	174,637,614	183,992,361
Interest receivable – mortgage and other loans	27,155,747	23,890,735
Other real estate owned	4,366,557	7,920,804
Other assets	10,889,207	37,515,201
Total current assets	2,511,854,815	2,054,935,054
Noncurrent assets:		
Investments (note 3)	732,256,158	821,473,081
Mortgage and other loans receivable	7,532,871,776	6,594,372,960
Less allowance for loan loss (note 1)	131,202,397	132,302,950
Mortgage and other loans receivable, net	7,401,669,379	6,462,070,010
Capital Assets, net of accumulated depreciation and amortization of \$76,314,480 and \$69,803,600 respectively	28,518,718	37,999,675
Mortgage servicing rights, net (note 1)	29,420,778	38,721,189
Other assets	17,403,519	19,055,611
Total noncurrent assets	8,209,268,552	7,379,319,566
Total assets	10,721,123,367	9,434,254,620
Deferred outflows of resources		
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	-
Total deferred outflows of resources	11,258,138	8,779,595

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Net Position
March 31, 2024 and 2023
(Unaudited)

	2024	2023 (as restated)
Liabilities		
Current liabilities:		
Notes and bonds payable (note 4)	\$ 666,940,097	525,504,905
Accrued interest payable on notes and bonds	61,091,685	45,284,796
Escrows	56,951,538	48,419,080
Federal grant awards held	12,455,376	127,591,360
Derivative instruments (note 1)	81,250	1,162,480
Accounts payable and other liabilities	41,721,201	25,964,207
Total current liabilities	839,241,147	773,926,828
Noncurrent liabilities:		
Bonds payable, net (note 4)	5,788,765,479	4,676,500,362
Project reserves	129,631,307	113,011,437
Loan participation payable to Federal Financing Bank (note 5)	33,398,675	34,225,730
Other liabilities	16,462,042	23,728,252
Total noncurrent liabilities	5,968,257,503	4,847,465,781
Total liabilities	6,807,498,650	5,621,392,609
Deferred inflows of resources		
Deferred fees and points on multifamily loans (note 1)	62,993,585	64,497,429
Other postemployment benefits - change in assumptions (note 1)	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
Total deferred inflows of resources	64,521,965	71,045,055
Net position (note 1):		
Net investment in capital assets	7,782,168	9,387,477
Restricted by bond indentures	3,352,342,944	3,287,866,420
Unrestricted	500,235,778	453,342,654
Total net position	\$ 3,860,360,890	3,750,596,551

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
Nine months ended March 31, 2024 and 2023
(Unaudited)

	2024	2023 (as restated)
Operating revenues:		
Interest on mortgage and other loans receivable	\$ 258,090,503	227,363,609
Housing Choice Voucher program administrative income	7,921,872	7,193,156
Gains and recoveries on sale of other real estate owned	977,050	459,537
Gains on sale of single family mortgage loans	7,097,118	2,581,029
Mortgage servicing fees net of guaranty fees	31,805,387	31,437,866
Other	24,422,953	13,518,444
Total operating revenues	330,314,883	282,553,641
Operating expenses:		
Interest on notes and bonds payable	150,253,962	122,708,479
Salaries and related employee benefits	61,120,378	57,950,728
General operating expenses	29,360,235	29,415,435
Note and bond expenses	1,243,085	1,273,617
Bond issuance expenses	7,361,870	2,048,141
Grant expenses	46,984,979	53,279,224
Housing Choice Voucher program expenses	7,462,546	6,234,532
Mortgage servicing rights amortization and other servicing costs	21,826,005	20,505,751
Losses on other real estate owned	1,242,027	1,671,326
Provision for loan losses (note 1)	18,067,898	(10,434,873)
Total operating expenses	344,922,985	284,652,360
Operating loss	(14,608,102)	(2,098,719)
Nonoperating revenues (losses):		
Pass-through grant awards	138,562,009	162,548,331
Pass-through grants expenses	(138,562,009)	(162,548,331)
Investment income	85,990,817	60,930,781
Realized loss on investments	(28,874)	(41,938,060)
Unrealized gain/(loss) on investments	3,839,519	(13,796,698)
Other, net	20,234	14,586
Total nonoperating revenues, net	89,821,696	5,210,609
Change in net position	75,213,594	3,111,890
Total net position, beginning of year	3,785,147,296	3,747,484,661
Total net position, end of nine months	\$ 3,860,360,890	3,750,596,551

See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the Commonwealth of Virginia)

Statements of Cash Flows

Nine months ended March 31, 2024 and 2023

(Unaudited)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash payments for mortgage and other loans	\$ (1,299,028,094)	(1,147,791,795)
Principal repayments on mortgage and other loans	292,562,965	258,817,760
Sale of mortgage loans	329,808,220	640,827,727
Interest received on mortgage and other loans	254,649,318	228,382,189
Pass-through grant awards received	66,310,868	63,329,629
Pass-through grant awards disbursed	(139,923,235)	(180,850,106)
Grant administrative fees received	6,938,219	3,063,597
Housing Choice Voucher payments received	18,139,765	5,043,661
Housing Choice Voucher payments disbursed	(5,513,288)	(6,432,987)
Escrow and project reserve payments received	217,626,774	203,547,838
Escrow and project reserve payments disbursed	(175,460,741)	(176,749,721)
Other operating revenues	65,016,392	47,908,994
Cash received/payments for loan origination fees and loan discounts	6,532,831	1,399,511
Cash paid for loan origination fees and loan premiums	(3,199,026)	(2,218,847)
Cash payments for salaries and related benefits	(62,958,494)	(58,504,158)
Cash payments on grants	(46,984,979)	(53,279,224)
Cash payments for general operating expenses	(30,516,905)	(31,828,165)
Cash payments for servicing release premiums and guaranty fees	(21,871,162)	(22,250,932)
Proceeds from sale of other real estate owned	8,445,539	9,795,026
Net cash used in operating activities	<u>(519,425,033)</u>	<u>(217,790,003)</u>
Cash flows from noncapital financing activities:		
Proceeds from issuance of notes and bonds	1,564,202,720	374,237,740
Principal payments on notes and bonds	(272,271,166)	(562,402,092)
Principal payments on loan participation - FFB	(623,403)	(598,803)
Interest payments on notes and bonds	(124,494,692)	(109,416,212)
Cash payments for bond issuance expenses	(7,361,871)	(2,048,141)
Net cash provided by/(used in) noncapital financing activities	<u>1,159,451,588</u>	<u>(300,227,508)</u>
Cash flows from capital and related financing activities:		
Purchases of property, furniture, and equipment	(71,897)	-
Net cash used in capital and related financing activities	<u>(71,897)</u>	<u>-</u>
Cash flows from investing activities:		
Purchases of investments	(691,373,657)	-
Proceeds from sales or maturities of investments	94,960,746	67,115,698
Interest received on investments	73,386,283	55,477,735
Net cash (used in)/provided by investing activities	<u>(523,026,628)</u>	<u>122,593,433</u>
Net increase/(decrease) in cash and cash equivalents	116,928,030	(395,424,078)
Cash and cash equivalents, at beginning of year	<u>1,422,993,877</u>	<u>1,826,063,243</u>
Cash and cash equivalents, at end of nine months	\$ <u>1,539,921,907</u>	<u>1,430,639,165</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Cash Flows
Nine months ended March 31, 2024 and 2023
(Unaudited)

	2024	2023 (as restated)
Reconciliation of operating income to net cash used in operating activities:		
Operating loss	\$ (14,608,102)	(2,098,719)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation of property, furniture, and equipment	1,915,279	2,748,955
Amortization of right to use asset	5,296,820	6,112,770
Bond issuance costs	7,361,870	2,048,141
Interest on notes and bonds payable	150,253,962	122,708,479
Decrease in mortgage loans held for sale	134,965,031	142,866,088
Increase in mortgage and other loans receivable	(804,231,544)	(387,373,464)
Increase/(decrease) in allowance for loan loss	17,644,829	(11,152,153)
(Increase)/decrease in interest receivable – mortgage and other loans	(2,611,484)	2,051
Decrease/(increase) in other real estate owned	692,551	(3,302,663)
Decrease in mortgage servicing rights	7,414,218	5,353,368
Decrease/(increase) in other assets	2,354,975	(11,252,574)
(Increase)/decrease in deferred inflows of resources	(1,905,960)	563,239
Decrease in Federal funds held	(72,251,141)	(99,218,702)
Increase/(decrease) in accounts payable and other liabilities	6,017,912	(12,334,074)
Increase in escrows and project reserves	42,265,751	26,539,255
Net cash used in operating activities	\$ (519,425,033)	(217,790,003)
Supplemental disclosure of noncash activity:		
Increase in other real estate owned as a result of loan foreclosures	\$ 7,091,762	12,695,971
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
March 31, 2024 and 2023
(Unaudited)

	<u>2024</u>		<u>2023</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	\$ 3,143	84,352,556	1,937	88,142,329
Interest receivable - investments	-	110,697	-	33,235
Interest receivable - mortgage and other loans	-	159,032	-	73,997
Other assets	-	212	-	64,794
Total current assets	<u>3,143</u>	<u>84,622,497</u>	<u>1,937</u>	<u>88,314,355</u>
Noncurrent assets:				
Mortgage and other loans receivable	-	2,177,870	-	42,111,305
Investments	<u>54,058,478</u>	<u>-</u>	<u>47,210,802</u>	<u>-</u>
Total noncurrent assets	<u>54,058,478</u>	<u>2,177,870</u>	<u>47,210,802</u>	<u>42,111,305</u>
Total assets	<u>54,061,621</u>	<u>86,800,367</u>	<u>47,212,739</u>	<u>130,425,660</u>
LIABILITIES				
Other liabilities	-	<u>4,508,862</u>	-	<u>3,475,480</u>
Total liabilities	<u>-</u>	<u>4,508,862</u>	<u>-</u>	<u>3,475,480</u>
NET POSITION				
Restricted for:				
Other postemployment benefit plan other than pension	54,061,621	-	47,212,739	-
Funds held in escrow	-	76,713,852	-	81,893,218
Other governmental agency	-	<u>5,577,653</u>	-	<u>45,056,962</u>
Total Net Position	<u>\$ 54,061,621</u>	<u>82,291,505</u>	<u>47,212,739</u>	<u>126,950,180</u>

* September 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
Nine months ended March 31, 2024 and 2023
(Unaudited)

	<u>2024</u>		<u>2023</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	\$ -	1,177,742,389	-	1,235,529,834
Employers	2,963,730	142,135	2,885,175	131,777
Other governmental agency	-	-	-	6,157,052
Total Contributions	<u>2,963,730</u>	<u>1,177,884,524</u>	<u>2,885,175</u>	<u>1,241,818,663</u>
Investment earnings:				
Net increase/(decrease) in fair value of investments	845,270	-	(9,915,357)	-
Interest, dividends, and other	1,084,005	1,350,695	646,728	181,465
Securities lending income (gain on sales)	100,453	-	200,911	-
Total investment earnings	<u>2,029,728</u>	<u>1,350,695</u>	<u>(9,067,718)</u>	<u>181,465</u>
Total additions	<u>4,993,458</u>	<u>1,179,235,219</u>	<u>(6,182,543)</u>	<u>1,242,000,128</u>
DEDUCTIONS				
Other governmental agency	-	1,507,609	-	42,598
Disbursement of escrow funds	-	1,176,364,018	-	1,247,372,779
Administrative expense	103,730	-	104,870	-
Total deductions	<u>103,730</u>	<u>1,177,871,627</u>	<u>104,870</u>	<u>1,247,415,377</u>
Net increase/(decrease) in fiduciary net position	4,889,728	1,363,592	(6,287,413)	(5,415,249)
Net position - beginning of year	49,171,893	80,927,913	53,500,152	132,365,429
Net position - end of nine months	<u>\$ 54,061,621</u>	<u>82,291,505</u>	<u>47,212,739</u>	<u>126,950,180</u>

* September 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

March 31, 2024 and 2023

(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 March 31, 2024, the Authority had outstanding 36 forward sales transactions with a \$85.1 million notional amount with five counterparties. At March 31, 2023, the Authority had outstanding 55 forward sales transactions with a \$248.5 million notional amount with six counterparties.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
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Notes to Basic Financial Statements

March 31, 2024 and 2023

(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

March 31, 2024 and 2023

(Unaudited)

The allowance for loan losses increased by \$17,644,829 for the nine months ended March 31, 2024, and decreased by \$11,152,153 for the nine months ended March 31, 2023.

	Nine months ended March 31	
	2024	2023
Beginning Balance, July 1	\$ 113,557,568	143,455,103
Provision:		
Homeownership	1,027,328	(5,843,895)
Rental Housing	17,040,570	(4,590,978)
Provision	18,067,898	(10,434,873)
Net (charge-offs)/recoveries:		
Homeownership	(423,069)	(717,280)
Rental Housing	-	-
Net charge-offs	(423,069)	(717,280)
Net change	17,644,829	(11,152,153)
Ending Balance, March 31	\$ 131,202,397	132,302,950

(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 March 31, 2023.

(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 March 31, 2024 and 2023, the carrying amount of the Authority's deposits was \$89,402,459 and \$66,682,715, respectively. The associated bank balance of the Authority's deposits was \$74,101,484 and \$61,819,245 at March 31, 2024 and 2023, 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 March 31, 2024 and 2023, total cash equivalents were \$1,450,519,448 and \$1,363,956,450, 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 March 31, 2024, 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	\$ 1,666,166,153	-	-	-	1,666,166,153
Repurchase agreements	300,000,000	-	-	-	300,000,000
Asset-backed securities	-	-	158,223	1,066,346	1,224,569
Collateralized mortgage obligations	-	-	-	24,427,147	24,427,147
Agency-mortgage backed securities	-	5,149	760,750	705,838,543	706,604,442
Money market securities	172,085,295	-	-	-	172,085,295
Total investments	<u>\$ 2,138,251,448</u>	<u>5,149</u>	<u>918,973</u>	<u>731,332,036</u>	<u>2,870,507,606</u>

As of March 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	\$ 698,227,490	-	-	-	698,227,490
Repurchase agreements	625,000,000	-	-	-	625,000,000
Asset-backed securities	-	-	184,870	1,220,935	1,405,805
Collateralized mortgage obligations	-	-	-	45,921,428	45,921,428
Agency-mortgage backed securities	-	-	381,663	773,550,371	773,932,034
Money market securities	227,495,039	-	-	-	227,495,039
Total investments	<u>\$ 1,550,722,529</u>	<u>-</u>	<u>566,533</u>	<u>820,692,734</u>	<u>2,371,981,796</u>

(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 March 31, 2023, the equity investment had a fair market value of \$0.2 million. As of March 31, 2024, 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 March 31, 2024 and changes for the nine months ended March 31, 2024 were as follows:

Description	Balance at June 30, 2023	Issued	Retired	Balance at March 31, 2024
(Amounts shown in thousands)				
General operating accounts:				
Revolving line of credit:				
Bank of America				
floating daily rate				
(5.34% at March 31, 2024)				
with a termination date of December 1, 2024	\$ —	55,000	55,000	—
Federal Home Loan Bank				
varying fixed rate notes with 30 to 180-day maturities				
(average of 5.40% as of March 31, 2024 and				
4.89% at March 31, 2023), maturities range				
from April 26, 2024 to August 07, 2024	400,000	—	—	400,000
Total general operating				
accounts	\$ 400,000	55,000	55,000	400,000

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Description	Balance at June 30, 2023	Issued	Retired	Balance at March 31, 2024
(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	—	4,665	122,250
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	—	1,035	31,820
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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Description	Balance at June 30, 2023	Issued	Retired	Balance at March 31, 2024
		(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	—	130	3,995
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	—	630	24,925
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	—	705	30,945
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
2018 Series D dated October 2, 2018, 3.79% effective interest rate, final due date October 1, 2053	69,780	—	1,350	68,430

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		(Amounts shown in thousands)		
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	—	1,255	59,015
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	—	1,450	71,420
2020 Series B dated March 25, 2020 2.38% effective interest rate, final due date March 1, 2055	67,285	—	3,100	64,185
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 2.53% effective interest rate, final due date July 1, 2055	44,770	—	8,915	35,855
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
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

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		(Amounts shown in thousands)		
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	—	1,960	79,630
2021 Series B dated March 30, 2021 2.23% effective interest rate, final due date March 1, 2056	46,075	—	395	45,680
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
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

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		(Amounts shown in thousands)		
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
2024 Series A dated March 7, 2024 4.53% effective interest rate, final due date September 1, 2065	—	177,070	—	177,070
	<u>3,901,900</u>	<u>512,450</u>	<u>73,755</u>	<u>4,340,595</u>
Unamortized premium	(780)	—	29	(751)
Total rental housing bonds	<u>\$ 3,901,120</u>			<u>4,339,844</u>

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Description	Balance at June 30, 2023	Issued	Retired	Balance at March 31, 2024
(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	—	508	4,062
2008 Series B, dated April 10, 2008, 6.22% effective interest rate, final due date March 25, 2038	8,287	—	885	7,402
2008 Series C, dated November 18, 2008, 6.58% effective interest rate, final due date June 25, 2038	3,486	—	305	3,181
2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026	28,400	—	8,000	20,400
2012 Series B/C, dated December 20, 2012, 3.10% effective interest rate, final due date July 1, 2039.	204,170	—	9,400	194,770
2013 Series B, dated May 21, 2013, 2.75% effective interest rate, final due date April 25, 2042	16,556	—	1,166	15,390
2013 Series C, dated October 24, 2013, 4.25% effective interest rate, final due date October 25, 2043	18,729	—	1,527	17,202
2013 Series D, dated December 19, 2013, 4.30% effective interest rate, final due date December 25, 2043	17,883	—	1,360	16,523
2014 Series A, dated December 11, 2014, 3.50% effective interest rate, final due date October 25, 2037	27,871	—	2,822	25,049
2015 Series A, dated November 10, 2015, 3.25% effective interest rate, final due date June 25, 2042	44,195	—	3,544	40,651
2016 Series A, dated June 9, 2016, 3.10% effective interest rate, final due date June 25, 2041	43,090	—	3,349	39,741
2017 Series A, dated June 13, 2017, 3.13% effective interest rate, final due date November 25, 2039	50,928	—	4,504	46,424

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Description	Balance at June 30, 2023	Issued	Retired	Balance at March 31, 2024
	(Amounts shown in thousands)			
2019 Series A, dated November 5, 2019, 2.95% effective interest rate, final due date October 25, 2049	\$ 46,506	—	3,471	43,035
2020 Series A, dated February 12, 2020, 2.85% effective interest rate, final due date December 25, 2049	61,321	—	4,019	57,302
2020 Series B, dated April 21, 2020, 2.75% effective interest rate, final due date October 25, 2046	75,974	—	6,070	69,904
2021 Series A, dated August 17, 2021, 2.13% effective interest rate, final due date July 25, 2051	134,183	—	6,597	127,586
2022 Series A, dated February 1, 2022, 2.88% effective interest rate, final due date February 25, 2052	39,152	—	1,887	37,265
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	80,000	120,000
2023 Series E-II, dated December 14, 2023, 3.90% effective interest rate, final due date July 1, 2025	—	155,000	—	155,000
2023 Series E-1, dated March 28, 2024, 4.31% effective interest rate, final due date October 1, 2054	—	80,000	—	80,000
2024 A Series, dated March 28, 2024, 5.46% effective interest rate, final due date April 1, 2054	—	160,000	—	160,000
	825,301	995,000	139,414	1,680,887
Unamortized premium	(289)	—	30	(259)
Total commonwealth mortgage bonds group	\$ 825,012			1,680,628

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<u>Description</u>	<u>Balance at June 30, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at March 31, 2024</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	\$ 37,583	—	2,349	35,234
Total homeownership mortgage bonds group	<u>37,583</u>	<u>—</u>	<u>—</u>	<u>35,234</u>
Total	<u>\$ 5,163,715</u>			<u>6,455,706</u>

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Notes and bonds payable at June 30, 2022 and March 31, 2023 and changes for the nine months ended March 31, 2023 were summarized as follows (amounts in thousands):

Description	Balance at June 30, 2022	Issued	Retired	Increase/ (decrease) in unamortized premium/ discount	Balance at March 31, 2023
General operating accounts	\$ 710,300	120,000	430,300	-	400,000
Rental housing bonds group	3,718,567	254,560	61,880	(297)	3,910,950
Commonwealth mortgage bonds group	918,598	-	66,442	45	852,201
Homeownership mortgage bonds group	42,634	-	3,780	-	38,854
Total	<u>\$ 5,390,099</u>	<u>374,560</u>	<u>562,402</u>	<u>(252)</u>	<u>5,202,005</u>

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

Year Ending March 31	Outstanding principal	Current interest	Total debt service
2025	\$ 666,940,097	228,106,305	895,046,402
2026	277,685,000	205,891,694	483,576,694
2027	155,595,000	197,805,660	353,400,660
2028	155,530,000	193,389,754	348,919,754
2029	200,170,000	188,083,211	388,253,211
2030-2034	754,880,000	863,463,812	1,618,343,812
2035-2039	821,346,875	728,045,424	1,549,392,299
2040-2044	1,046,359,754	559,869,977	1,606,229,731
2045-2049	835,086,788	376,493,087	1,211,579,875
2050-2054	1,056,297,605	198,115,033	1,254,412,638
2055-2059	337,880,000	58,998,485	396,878,485
2060-2064	104,405,000	22,969,891	127,374,891
2065-2069	44,540,000	3,488,678	48,028,678
Total	<u>\$ 6,456,716,119</u>	<u>3,824,721,011</u>	<u>10,281,437,130</u>

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

Notes to Basic Financial Statements

March 31, 2024 and 2023

(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

March 31, 2024 and 2023

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at March 31, 2024
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	—	46,559	2,638,435
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	—	122,847	6,839,563
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	—	70,618	5,070,114
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	—	161,208	6,120,172
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	—	57,427	3,374,469
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	—	37,767	2,219,224
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	—	71,981	4,045,644
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	—	54,996	3,091,054
Total participation certificates payable	\$ 34,022,078	—	623,403	33,398,675

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position
March 31, 2024
(Unaudited)

Assets	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current assets:					
Cash and cash equivalents	\$ 187,083,801	691,435,294	633,588,162	27,814,650	1,539,921,907
Investments	53,842,350	327,086,210	293,685,086	13,118,354	687,732,000
Interest receivable – investments	3,347,178	10,479,279	9,494,801	434,445	23,755,703
Mortgage loans held for sale	-	-	43,396,080	-	43,396,080
Mortgage and other loans receivable, net	10,106,569	96,027,516	64,555,841	3,947,688	174,637,614
Interest receivable – mortgage and other loans	1,012,985	19,371,557	6,498,640	272,565	27,155,747
Other real estate owned	3,317,510	-	1,049,047	-	4,366,557
Other assets	10,885,086	-	4,121	-	10,889,207
Total current assets	<u>269,595,479</u>	<u>1,144,399,856</u>	<u>1,052,271,778</u>	<u>45,587,702</u>	<u>2,511,854,815</u>
Noncurrent assets:					
Investments	492,163,654	-	240,092,504	-	732,256,158
Mortgage and other loans receivable	395,107,534	5,037,732,357	2,005,727,632	94,304,253	7,532,871,776
Less allowance for loan loss	35,532,228	61,427,075	33,324,531	918,563	131,202,397
Mortgage and other loans receivable, net	<u>359,575,306</u>	<u>4,976,305,282</u>	<u>1,972,403,101</u>	<u>93,385,690</u>	<u>7,401,669,379</u>
Capital Assets, net of accumulated depreciation and amortization of \$76,314,480	22,118,296	6,400,422	-	-	28,518,718
Mortgage servicing rights, net	29,420,778	-	-	-	29,420,778
Other Assets	17,403,519	-	-	-	17,403,519
Total noncurrent assets	<u>920,681,553</u>	<u>4,982,705,704</u>	<u>2,212,495,605</u>	<u>93,385,690</u>	<u>8,209,268,552</u>
Total assets	<u><u>1,190,277,032</u></u>	<u><u>6,127,105,560</u></u>	<u><u>3,264,767,383</u></u>	<u><u>138,973,392</u></u>	<u><u>10,721,123,367</u></u>
Deferred outflows of resources					
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
March 31, 2024
(Unaudited)

Liabilities	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current liabilities:					
Notes and bonds payable	400,000,000	100,780,000	164,663,978	1,496,119	666,940,097
Accrued interest payable on notes and bonds	766,000	45,617,501	14,612,759	95,425	61,091,685
Escrows	56,951,538	-	-	-	56,951,538
Federal grand awards held	12,455,376	-	-	-	12,455,376
Derivative instruments	-	-	81,250	-	81,250
Accounts payable and other liabilities	41,720,102	-	1,099	-	41,721,201
Total current liabilities	<u>511,893,016</u>	<u>146,397,501</u>	<u>179,359,086</u>	<u>1,591,544</u>	<u>839,241,147</u>
Noncurrent liabilities:					
Bonds payable, net	-	4,239,063,990	1,515,963,901	33,737,588	5,788,765,479
Project reserves	129,631,307	-	-	-	129,631,307
Loan participation payable to Federal Financing Bank	33,398,675	-	-	-	33,398,675
Other (assets) liabilities	16,462,042	-	-	-	16,462,042
Total noncurrent liabilities	<u>179,492,024</u>	<u>4,239,063,990</u>	<u>1,515,963,901</u>	<u>33,737,588</u>	<u>5,968,257,503</u>
Total liabilities	<u>691,385,040</u>	<u>4,385,461,491</u>	<u>1,695,322,987</u>	<u>35,329,132</u>	<u>6,807,498,650</u>
Deferred inflows of resources					
Deferred fees and points on multifamily loans	440,599	62,552,986	-	-	62,993,585
Other postemployment benefits - change in assumptions	586,871	-	-	-	586,871
Other postemployment benefits - difference between expected and actual experience	941,509	-	-	-	941,509
Total deferred inflows of resources	<u>1,968,979</u>	<u>62,552,986</u>	<u>-</u>	<u>-</u>	<u>64,521,965</u>
Net position:					
Net investment in capital assets	7,945,373	(163,205)	-	-	7,782,168
Restricted by bond indentures	-	1,679,254,288	1,569,444,396	103,644,260	3,352,342,944
Unrestricted	500,235,778	-	-	-	500,235,778
Total net position	<u>\$ 508,181,151</u>	<u>1,679,091,083</u>	<u>1,569,444,396</u>	<u>103,644,260</u>	<u>3,860,360,890</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Nine months ended March 31, 2024
(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	\$ 21,574,494	164,321,081	69,036,921	3,158,007	258,090,503
Housing Choice Voucher program administrative income	7,921,872	-	-	-	7,921,872
Gains and recoveries on sale of other real estate owned	232,542	322,929	330,679	90,900	977,050
Gains on sale of single family mortgage loans	-	-	7,097,118	-	7,097,118
Mortgage servicing fees net of guaranty fees	31,805,387	-	-	-	31,805,387
Other	17,170,039	7,246,086	6,828	-	24,422,953
Total operating revenues	<u>78,704,334</u>	<u>171,890,096</u>	<u>76,471,546</u>	<u>3,248,907</u>	<u>330,314,883</u>
Operating expenses:					
Interest on notes and bonds payable	16,799,395	102,135,289	30,435,551	883,727	150,253,962
Salaries and related employee benefits	61,120,378	-	-	-	61,120,378
General operating expenses	29,357,376	-	2,859	-	29,360,235
Note and bond expenses	1,243,085	-	-	-	1,243,085
Bond issuance expenses	64,342	3,082,945	4,214,583	-	7,361,870
Grant expenses	46,984,979	-	-	-	46,984,979
Housing Choice Voucher program expenses	7,462,546	-	-	-	7,462,546
Mortgage servicing rights amortization and other servicing costs	15,444,681	-	6,381,324	-	21,826,005
Losses on other real estate owned	1,030,753	-	204,072	7,202	1,242,027
Provision for loan losses	(3,398,319)	17,169,344	4,199,843	97,030	18,067,898
Total operating expenses	<u>176,109,216</u>	<u>122,387,578</u>	<u>45,438,232</u>	<u>987,959</u>	<u>344,922,985</u>
Operating income (loss)	<u>(97,404,882)</u>	<u>49,502,518</u>	<u>31,033,314</u>	<u>2,260,948</u>	<u>(14,608,102)</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	138,562,009	-	-	-	138,562,009
Pass-through grants expenses	(138,562,009)	-	-	-	(138,562,009)
Investment income	16,512,779	36,443,663	31,551,993	1,482,382	85,990,817
Realized loss on investments	(2,635)	-	(26,239)	-	(28,874)
Unrealized (loss)/gain on investments	(9,912,177)	3,701,535	9,901,705	148,456	3,839,519
Other, net	20,234	-	-	-	20,234
Total nonoperating revenues, net	<u>6,618,201</u>	<u>40,145,198</u>	<u>41,427,459</u>	<u>1,630,838</u>	<u>89,821,696</u>
Income/(loss) before transfers	<u>(90,786,681)</u>	<u>89,647,716</u>	<u>72,460,773</u>	<u>3,891,786</u>	<u>75,213,594</u>
Transfers between funds	140,817,603	(75,807,562)	(65,050,365)	40,324	-
Change in net position	<u>50,030,922</u>	<u>13,840,154</u>	<u>7,410,408</u>	<u>3,932,110</u>	<u>75,213,594</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 nine months	<u>\$ 508,181,151</u>	<u>1,679,091,083</u>	<u>1,569,444,396</u>	<u>103,644,260</u>	<u>3,860,360,890</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
March 31, 2024
(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	\$ 76,713,852	5,134,748	970,502	1,533,454	84,352,556
Interest receivable - investments	-	58,745	31,370	20,582	110,697
Interest receivable - mortgage and other loans	-	64,040	82,737	12,255	159,032
Other assets	-	212	-	-	212
Total current assets	<u>76,713,852</u>	<u>5,257,745</u>	<u>1,084,609</u>	<u>1,566,291</u>	<u>84,622,497</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>76,713,852</u>	<u>7,435,615</u>	<u>1,084,609</u>	<u>1,566,291</u>	<u>86,800,367</u>
LIABILITIES					
Other liabilities	-	2,249,690	836,876	1,422,296	4,508,862
Total liabilities	<u>-</u>	<u>2,249,690</u>	<u>836,876</u>	<u>1,422,296</u>	<u>4,508,862</u>
NET POSITION					
Restricted for:					
Other postemployment benefit plan other than pension					
Funds held in escrow	76,713,852	-	-	-	76,713,852
Other governmental agency	-	5,185,925	247,733	143,995	5,577,653
Total Net Position	<u>\$ 76,713,852</u>	<u>5,185,925</u>	<u>247,733</u>	<u>143,995</u>	<u>82,291,505</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
Nine months ended March 31, 2024
(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	\$ 1,177,742,389	-	-	-	1,177,742,389
Employers	-	26,268	81,427	34,440	142,135
Total Contributions	<u>1,177,742,389</u>	<u>26,268</u>	<u>81,427</u>	<u>34,440</u>	<u>1,177,884,524</u>
Investment earnings:					
Interest, dividends, and other	-	779,593	410,631	160,471	1,350,695
Total investment earnings	<u>-</u>	<u>779,593</u>	<u>410,631</u>	<u>160,471</u>	<u>1,350,695</u>
Total additions	<u>1,177,742,389</u>	<u>805,861</u>	<u>492,058</u>	<u>194,911</u>	<u>1,179,235,219</u>
DEDUCTIONS					
Other governmental agency	-	1,102,512	317,589	87,508	1,507,609
Disbursement of escrow funds	1,176,364,018	-	-	-	1,176,364,018
Total deductions	<u>1,176,364,018</u>	<u>1,102,512</u>	<u>317,589</u>	<u>87,508</u>	<u>1,177,871,627</u>
Net increase/(decrease) in fiduciary net position	1,378,371	(296,651)	174,469	107,403	1,363,592
Net position - beginning of year	75,335,481	5,482,576	73,264	36,592	80,927,913
Net position - end of nine months	<u>\$ 76,713,852</u>	<u>5,185,925</u>	<u>247,733</u>	<u>143,995</u>	<u>82,291,505</u>

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

Assets	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current assets:					
Cash and cash equivalents	\$ 234,530,492	910,159,367	258,882,897	27,066,409	1,430,639,165
Investments	63,498,733	94,972,629	25,479,004	2,815,334	186,765,700
Interest receivable – investments	2,442,925	5,557,762	2,814,260	156,220	10,971,167
Mortgage loans held for sale	-	-	173,239,921	-	173,239,921
Mortgage and other loans receivable, net	9,199,288	102,657,200	67,983,419	4,152,454	183,992,361
Interest receivable – mortgage and other loans	888,443	17,907,345	4,820,184	274,763	23,890,735
Other real estate owned	5,966,483	427,000	1,444,323	82,998	7,920,804
Other assets	37,506,646	-	8,555	-	37,515,201
Total current assets	<u>354,033,010</u>	<u>1,131,681,303</u>	<u>534,672,563</u>	<u>34,548,178</u>	<u>2,054,935,054</u>
Noncurrent assets:					
Investments	494,410,403	-	326,848,862	213,816	821,473,081
Mortgage and other loans receivable	343,097,357	4,579,071,232	1,568,666,864	103,537,507	6,594,372,960
Less allowance for loan loss	45,532,750	51,096,274	34,707,446	966,480	132,302,950
Mortgage and other loans receivable, net	<u>297,564,607</u>	<u>4,527,974,958</u>	<u>1,533,959,418</u>	<u>102,571,027</u>	<u>6,462,070,010</u>
Capital Assets, net of accumulated depreciation and amortization of \$69,803,600	30,902,341	7,097,334	-	-	37,999,675
Mortgage servicing rights, net	38,721,189	-	-	-	38,721,189
Other Assets	19,055,611	-	-	-	19,055,611
Total noncurrent assets	<u>880,654,151</u>	<u>4,535,072,292</u>	<u>1,860,808,280</u>	<u>102,784,843</u>	<u>7,379,319,566</u>
Total assets	<u><u>1,234,687,161</u></u>	<u><u>5,666,753,595</u></u>	<u><u>2,395,480,843</u></u>	<u><u>137,333,021</u></u>	<u><u>9,434,254,620</u></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 (as restated)
March 31, 2023
(Unaudited)

Liabilities	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current liabilities:					
Notes and bonds payable	400,000,000	82,955,000	41,033,862	1,516,043	525,504,905
Accrued interest payable on notes and bonds	1,012,028	40,142,234	4,025,303	105,231	45,284,796
Escrows	48,419,080	-	-	-	48,419,080
Federal grand awards held	127,591,360	-	-	-	127,591,360
Derivative instruments	-	-	1,162,480	-	1,162,480
Accounts payable and other liabilities	25,964,207	-	-	-	25,964,207
Total current liabilities	<u>602,986,675</u>	<u>123,097,234</u>	<u>46,221,645</u>	<u>1,621,274</u>	<u>773,926,828</u>
Noncurrent liabilities:					
Bonds payable, net	-	3,827,994,790	811,167,225	37,338,347	4,676,500,362
Project reserves	113,011,437	-	-	-	113,011,437
Loan participation payable to Federal Financing Bank	34,225,730	-	-	-	34,225,730
Other (assets) liabilities	23,728,252	-	-	-	23,728,252
Total noncurrent liabilities	<u>170,965,419</u>	<u>3,827,994,790</u>	<u>811,167,225</u>	<u>37,338,347</u>	<u>4,847,465,781</u>
Total liabilities	<u>773,952,094</u>	<u>3,951,092,024</u>	<u>857,388,870</u>	<u>38,959,621</u>	<u>5,621,392,609</u>
Deferred inflows of resources					
Deferred fees and points on multifamily loans	465,738	64,031,691	-	-	64,497,429
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>7,013,364</u>	<u>64,031,691</u>	<u>-</u>	<u>-</u>	<u>71,045,055</u>
Net position:					
Net investment in capital assets	9,158,644	228,833	-	-	9,387,477
Restricted by bond indentures	-	1,651,401,047	1,538,091,973	98,373,400	3,287,866,420
Unrestricted	453,342,654	-	-	-	453,342,654
Total net position	<u>\$ 462,501,298</u>	<u>1,651,629,880</u>	<u>1,538,091,973</u>	<u>98,373,400</u>	<u>3,750,596,551</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)
Nine months ended March 31, 2023
(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	\$ 12,684,991	151,249,667	59,803,554	3,625,397	227,363,609
Housing Choice Voucher program administrative income	7,193,156	-	-	-	7,193,156
Gains and recoveries on sale of other real estate owned	296,118	-	161,232	2,187	459,537
Gains on sale of single family mortgage loans	-	-	2,581,029	-	2,581,029
Mortgage servicing fees net of guaranty fees	31,437,866	-	-	-	31,437,866
Other	9,267,900	4,229,245	21,299	-	13,518,444
Total operating revenues	<u>60,880,031</u>	<u>155,478,912</u>	<u>62,567,114</u>	<u>3,627,584</u>	<u>282,553,641</u>
Operating expenses:					
Interest on notes and bonds payable	12,410,337	89,675,592	19,640,407	982,143	122,708,479
Salaries and related employee benefits	57,950,728	-	-	-	57,950,728
General operating expenses	29,414,419	-	1,016	-	29,415,435
Note and bond expenses	1,273,617	-	-	-	1,273,617
Bond issuance expenses	75,301	1,972,840	-	-	2,048,141
Grant expenses	53,279,224	-	-	-	53,279,224
Housing Choice Voucher program expenses	6,234,532	-	-	-	6,234,532
Mortgage servicing rights amortization and other servicing costs	19,317,832	-	1,187,919	-	20,505,751
Losses on other real estate owned	1,159,741	-	498,644	12,941	1,671,326
Provision for loan losses	(1,597,097)	(4,798,576)	(3,902,827)	(136,373)	(10,434,873)
Total operating expenses	<u>179,518,634</u>	<u>86,849,856</u>	<u>17,425,159</u>	<u>858,711</u>	<u>284,652,360</u>
Operating income (loss)	<u>(118,638,603)</u>	<u>68,629,056</u>	<u>45,141,955</u>	<u>2,768,873</u>	<u>(2,098,719)</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	162,548,331	-	-	-	162,548,331
Pass-through grants expenses	(162,548,331)	-	-	-	(162,548,331)
Investment income/(loss)	18,369,110	25,270,616	17,549,812	(258,757)	60,930,781
Realized loss on investments	(4,891)	-	(41,933,169)	-	(41,938,060)
Unrealized gain/(loss) on investments	12,023,492	41,704	(25,863,130)	1,236	(13,796,698)
Other, net	14,586	-	-	-	14,586
Total nonoperating revenues/(expenses), net	<u>30,402,297</u>	<u>25,312,320</u>	<u>(50,246,487)</u>	<u>(257,521)</u>	<u>5,210,609</u>
Income/(loss) before transfers	<u>(88,236,306)</u>	<u>93,941,376</u>	<u>(5,104,532)</u>	<u>2,511,352</u>	<u>3,111,890</u>
Transfers between funds	120,994,470	(127,218,593)	6,179,759	44,364	-
Change in net position	<u>32,758,164</u>	<u>(33,277,217)</u>	<u>1,075,227</u>	<u>2,555,716</u>	<u>3,111,890</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 nine months	<u>\$ 462,501,298</u>	<u>1,651,629,880</u>	<u>1,538,091,973</u>	<u>98,373,400</u>	<u>3,750,596,551</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
March 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>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 81,893,218	3,577,415	1,012,291	1,659,405	88,142,329
Interest receivable - investments	-	19,775	3,936	9,524	33,235
Interest receivable - mortgage and other loans	-	1,045	64,328	8,624	73,997
Other assets	-	64,794	-	-	64,794
Total current assets	<u>81,893,218</u>	<u>3,663,029</u>	<u>1,080,555</u>	<u>1,677,553</u>	<u>88,314,355</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,702,870	29,607,588	9,800,847	42,111,305
Total noncurrent assets	<u>-</u>	<u>2,702,870</u>	<u>29,607,588</u>	<u>9,800,847</u>	<u>42,111,305</u>
Total assets	<u>81,893,218</u>	<u>6,365,899</u>	<u>30,688,143</u>	<u>11,478,400</u>	<u>130,425,660</u>
LIABILITIES					
Other liabilities	-	905,248	944,066	1,626,166	3,475,480
Total liabilities	<u>-</u>	<u>905,248</u>	<u>944,066</u>	<u>1,626,166</u>	<u>3,475,480</u>
NET POSITION					
Restricted for:					
Funds held in escrow	81,893,218	-	-	-	81,893,218
Other governmental agency	-	5,460,651	29,744,077	9,852,234	45,056,962
Total Net Position	<u>\$ 81,893,218</u>	<u>5,460,651</u>	<u>29,744,077</u>	<u>9,852,234</u>	<u>126,950,180</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
Nine months ended March 31, 2023
(Unaudited)

	Escrow Funds (GNMA, FNMA, FHLMC, Habitat)	Commonwealth Priority Housing Fund	Virginia Housing Trust Fund	National Housing Trust Fund	Total Custodial Funds
ADDITIONS					
Contribution:					
Borrower payments	\$ 1,235,529,834	-	-	-	1,235,529,834
Employers	-	24,882	76,208	30,687	131,777
Other governmental agency minus Employers	-	-	5,357,052	800,000	6,157,052
Total Contributions	<u>1,235,529,834</u>	<u>24,882</u>	<u>5,433,260</u>	<u>830,687</u>	<u>1,241,818,663</u>
Investment earnings:					
Interest, dividends, and other	-	99,904	40,540	41,021	181,465
Total investment earnings	<u>-</u>	<u>99,904</u>	<u>40,540</u>	<u>41,021</u>	<u>181,465</u>
Total additions	<u>1,235,529,834</u>	<u>124,786</u>	<u>5,473,800</u>	<u>871,708</u>	<u>1,242,000,128</u>
DEDUCTIONS					
Other governmental agency	-	-	42,598	-	42,598
Disbursement of escrow funds	1,247,372,779	-	-	-	1,247,372,779
Total deductions	<u>1,247,372,779</u>	<u>-</u>	<u>42,598</u>	<u>-</u>	<u>1,247,415,377</u>
Net (decrease)/increase in fiduciary net position	(11,842,945)	124,786	5,431,202	871,708	(5,415,249)
Net position - beginning of year	93,736,163	5,335,865	24,312,875	8,980,526	132,365,429
Net position - end of nine months	<u>\$ 81,893,218</u>	<u>5,460,651</u>	<u>29,744,077</u>	<u>9,852,234</u>	<u>126,950,180</u>