



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

Basic Financial Statements and  
Supplementary Information

December 31, 2020 and 2019

(Unaudited)

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

**Table of Contents**

	<b>Page</b>
Summary of the Quarterly Report	1
Basic Financial Statements:	
Statements of Net Position – December 31, 2020 and 2019 (Unaudited)	3
Statements of Revenues, Expenses, and Changes in Net Position – Six Months Ended December 31, 2020 and 2019 (Unaudited)	5
Statements of Cash Flows – Six Months Ended December 31, 2020 and 2019 (Unaudited)	6
Statements of Fiduciary Net Position – December 31, 2020 and 2019 (Unaudited)	8
Statements of Changes in Fiduciary Net Position – Six Months Ended December 31, 2020 and 2019 (Unaudited)	9
Notes to Basic Financial Statements (Unaudited)	10
<b>Other Supplementary Information</b>	
1 Combining Schedule of Net Position – December 31, 2020 (Unaudited)	28
2 Combining Schedule of Revenues, Expenses, and Changes in Net Position – Six Months Ended December 31, 2020 (Unaudited)	30
3 Combining Schedule of Fiduciary Net Position – December 31, 2020 (Unaudited)	31
4 Combining Schedule of Changes in Fiduciary Net Position – Six Months Ended December 31, 2020 (Unaudited)	32
5 Combining Schedule of Net Position – December 31, 2019 (Unaudited)	33
6 Combining Schedule of Revenues, Expenses, and Changes in Net Position – Six Months Ended December 31, 2019 (Unaudited)	35
7 Combining Schedule of Fiduciary Net Position – December 31, 2019 (Unaudited)	36
8 Combining Schedule of Changes in Fiduciary Net Position – Six Months Ended December 31, 2019 (Unaudited)	37

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

Summary of the Quarterly Report

December 31, 2020 and 2019

(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 2021. 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, 2020 is available on the Authority's website at [www.vhda.com/about/InvestorRelations](http://www.vhda.com/about/InvestorRelations).

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Net Position  
December 31, 2020 and 2019  
(Unaudited)

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,741,879,091	838,769,226
Interest receivable – investments	2,418,034	2,569,138
Mortgage loans held for sale (note 1)	317,908,112	158,174,067
Mortgage and other loans receivable, net	189,329,733	163,891,049
Interest receivable – mortgage and other loans	26,822,909	23,231,366
Other real estate owned	3,711,971	12,427,321
Other assets	13,622,872	8,155,661
Total current assets	2,295,692,722	1,207,217,828
Noncurrent assets:		
Investments (note 3)	862,060,751	582,046,697
Mortgage and other loans receivable	5,871,556,858	5,687,896,745
Less allowance for loan loss (note 1)	181,305,184	136,187,266
Less net loan discounts	48,703,138	42,735,643
Mortgage and other loans receivable, net	5,641,548,536	5,508,973,836
Capital Assets, net of accumulated depreciation and amortization of \$45,862,556 and \$41,977,284 respectively	25,395,129	27,393,006
Mortgage servicing rights, net (note 1)	40,777,662	38,844,106
Other assets	17,552,337	12,228,535
Total noncurrent assets	6,587,334,415	6,169,486,180
<b>Total assets</b>	<b>8,883,027,137</b>	<b>7,376,704,008</b>
<b>Deferred outflows of resources</b>		
Other postemployment benefits - change in assumptions (note 1)	2,362,344	2,653,422
Other postemployment benefits - difference between expected and actual experience (note 1)	2,228,265	1,200,594
Other postemployment benefits - difference between projected and actual earning (note 1)	-	856,736
<b>Total deferred outflows of resources</b>	<b>4,590,609</b>	<b>4,710,752</b>

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Net Position  
December 31, 2020 and 2019  
(Unaudited)

	<b>2020</b>	<b>2019</b>
<b>Liabilities</b>		
Current liabilities:		
Notes and bonds payable (note 4)	\$ 715,258,405	563,456,047
Accrued interest payable on notes and bonds	34,387,016	27,972,964
Escrows	31,278,857	31,725,093
Derivative instruments	4,979,863	726,621
Accounts payable and other liabilities	40,021,186	18,811,894
Total current liabilities	825,925,327	642,692,619
Noncurrent liabilities:		
Bonds payable, net (note 4)	4,272,750,493	3,030,565,632
Project reserves	94,991,194	113,094,229
Loan participation payable to Federal Financing Bank	35,969,245	36,694,895
Other liabilities	10,048,255	10,133,144
Total noncurrent liabilities	4,413,759,187	3,190,487,900
<b>Total liabilities</b>	5,239,684,514	3,833,180,519
<b>Deferred inflows of resources</b>		
Other postemployment benefits - change in assumptions (note1)	583,584	-
Other postemployment benefits - difference between expected and actual experience (note 1)	166,145	186,913
Other postemployment benefits - difference between projected and actual earning (note 1)	2,860,594	-
<b>Total deferred inflows of resources</b>	3,610,323	186,913
<b>Net position (note 1):</b>		
Net investment in capital assets	14,085,952	15,136,079
Restricted by bond indentures	3,275,542,901	3,183,578,744
Unrestricted	354,694,056	349,332,505
<b>Total net position</b>	\$ 3,644,322,909	3,548,047,328

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, 2020 and 2019  
(Unaudited)

	<b>2020</b>	<b>2019</b>
Operating revenues:		
Interest on mortgage and other loans receivable	\$ 143,828,157	145,390,006
Housing Choice Voucher program administrative income (note 1)	3,517,497	3,529,787
Other real estate owned income	-	10,318
Gains and recoveries on sale of other real estate owned	373,179	521,661
Gains on sale of single family mortgage loans	19,433,020	21,375,913
Mortgage servicing fees net of guaranty fees	19,402,530	20,558,304
Other	5,324,545	4,526,574
Total operating revenues	191,878,928	195,912,563
Operating expenses:		
Interest on notes and bonds payable	72,609,802	60,427,794
Salaries and related employee benefits	30,448,433	28,389,071
General operating expenses	13,939,085	11,927,545
Note and bond expenses	756,677	330,407
Bond issuance expenses	3,477,038	1,882,444
Grant expenses	15,255,517	13,372,710
Housing Choice Voucher program expenses (note 1)	3,139,628	3,834,028
Mortgage servicing rights amortization and other servicing costs	16,890,759	14,319,597
Other real estate owned expenses	-	12,673
Losses on other real estate owned	455,318	731,735
Provision for loan losses (note 1)	7,255,930	720,353
Total operating expenses	164,228,187	135,948,357
Operating income	27,650,741	59,964,206
Nonoperating revenues (losses):		
Pass-through grant awards	64,052,744	45,355,542
Pass-through grants expenses	(64,052,744)	(45,355,542)
Investment income	35,626,307	20,547,644
Unrealized gain (loss) on derivative instruments	(5,074,605)	1,491,602
Other, net	16,899	26,946
Total nonoperating revenues, net	30,568,601	22,066,192
Change in net position	58,219,342	82,030,398
Total net position, beginning of year	3,586,103,567	3,466,016,930
Total net position, end of six months	\$ 3,644,322,909	3,548,047,328

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, 2020 and 2019

(Unaudited)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash payments for mortgage and other loans	\$ (1,284,378,258)	(1,196,087,828)
Principal repayments on mortgage and other loans	347,619,166	279,989,108
Sale of mortgage loans	358,602,310	656,740,059
Interest received on mortgage and other loans	142,119,491	150,360,130
Pass-through grant awards received	74,139,339	45,355,542
Pass-through grant awards disbursed	(64,052,743)	(45,355,542)
Grant administration fees received	1,535,000	-
Housing Choice Voucher payments received	2,356,220	5,015,226
Housing Choice Voucher payments disbursed	(2,629,381)	(4,386,455)
Escrow and project reserve payments received	88,890,295	113,403,182
Escrow and project reserve payments disbursed	(108,074,357)	(114,171,048)
Other operating revenues	46,165,169	53,700,715
Cash received for loan origination fees and loan discounts	5,368,728	4,426,712
Cash paid for loan origination fees and loan premiums	(9,449,611)	(8,125,097)
Cash payments for salaries and related benefits	(34,584,349)	(30,932,320)
Cash payments for general operating expenses	(10,171,575)	(12,195,679)
Cash payments on grants	(15,255,517)	(13,372,713)
Cash payments for servicing release premiums and guaranty fees	(22,465,063)	(21,599,162)
Proceeds from sale of other real estate owned	5,133,876	15,927,870
Disposition of other real estate owned property	-	(2,355)
Net cash used in operating activities	<u>(479,131,260)</u>	<u>(121,309,655)</u>
Cash flows from noncapital financing activities:		
Proceeds from issuance of notes and bonds	712,790,000	308,177,770
Proceeds from loan participation - FFB	-	7,850,000
Principal payments on notes and bonds	(172,309,613)	(201,597,945)
Principal payments on loan participation - FFB	(366,474)	(315,656)
Interest payments on notes and bonds	(68,303,947)	(60,114,095)
Cash payments for bond issuance expenses	(3,477,038)	(1,882,444)
Net cash provided by noncapital financing activities	<u>468,332,928</u>	<u>52,117,630</u>
Cash flows from capital and related financing activities:		
Purchases of property, furniture, and equipment	(103,684)	(1,303,272)
Net cash used in capital and related financing activities	<u>(103,684)</u>	<u>(1,303,272)</u>
Cash flows from investing activities:		
Proceeds from sales or maturities of investments	79,392,924	63,710,090
Interest received on investments	12,511,020	17,921,983
Net cash provided by investing activities	<u>91,903,944</u>	<u>81,632,073</u>
Net increase in cash and cash equivalents	81,001,928	11,136,776
Cash and cash equivalents, at beginning of year	1,660,877,163	827,632,450
Cash and cash equivalents, at end of six months	\$ <u>1,741,879,091</u>	<u>838,769,226</u>



**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Statements of Cash Flows  
Six months ended December 31, 2020 and 2019  
(Unaudited)

	<b>2020</b>	<b>2019</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 27,650,741	59,964,206
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation of property, furniture, and equipment	1,843,051	1,486,763
Bond issuance costs	3,477,038	1,882,444
Interest on notes and bonds payable	72,609,802	60,427,794
(Increase)/decrease in mortgage loans held for sale	(199,829,991)	42,923,296
Increase in mortgage and other loans receivable	(379,903,529)	(285,275,105)
Increase/(decrease) in allowance for loan loss	6,808,628	(1,050,618)
Increase in net loan discounts	3,215,516	1,331,663
(Increase)/decrease in interest receivable – mortgage and other loans	(2,774,076)	360,433
Decrease in other real estate owned	2,178,019	1,169
Decrease/(increase) Increase in mortgage servicing rights	1,620,061	(818,039)
(Increase)/decrease in other assets	(3,853,372)	3,401,761
Increase/(decrease) in accounts payable and other liabilities	6,582,300	(4,891,455)
Decrease in escrows and project reserves	(18,755,448)	(1,053,967)
Net cash used in operating activities	\$ (479,131,260)	(121,309,655)
Supplemental disclosure of noncash activity:		
Increase in other real estate owned as a result of loan foreclosures	\$ 2,864,390	15,488,791
Decrease in mortgage and other loans receivable from transferring loans to MBS securities retained as investments	\$ 334,466,812	24,913,922

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, 2020 and 2019  
(Unaudited)

	<u>2020</u>		<u>2019</u>	
	<u>Pension (and Other Employee Benefit) Trust Funds *</u>	<u>Custodial Funds</u>	<u>Pension (and Other Employee Benefit) Trust Funds *</u>	<u>Custodial Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,453	175,964,423	1,187	91,789,114
Interest receivable - investments	-	707	-	10,500
Interest receivable - mortgage and other loans	-	37,654	-	23,044
Other assets	-	68,677	-	70,547
Total current assets	<u>1,453</u>	<u>176,071,461</u>	<u>1,187</u>	<u>91,893,205</u>
Noncurrent assets:				
Mortgage and other loans receivable	-	23,096,868	-	17,799,197
Investments	38,871,969	-	35,956,519	-
Total noncurrent assets	<u>38,871,969</u>	<u>23,096,868</u>	<u>35,956,519</u>	<u>17,799,197</u>
Total assets	<u>38,873,422</u>	<u>199,168,329</u>	<u>35,957,706</u>	<u>109,692,402</u>
<b>LIABILITIES</b>				
Accounts payable	206,659	-	203,025	-
Other liabilities	-	7,940,297	-	6,945,763
Total liabilities	<u>206,659</u>	<u>7,940,297</u>	<u>203,025</u>	<u>6,945,763</u>
<b>NET POSITION</b>				
Restricted for:				
Other postemployment benefit plan other than pension	38,666,763	-	35,754,681	-
Funds held in escrow	-	164,841,056	-	81,558,804
Other governmental agency	-	26,386,976	-	21,187,835
Total Net Position	<u>\$ 38,666,763</u>	<u>191,228,032</u>	<u>35,754,681</u>	<u>102,746,639</u>

\* June 30, 2020 and 2019 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, 2020 and 2019  
(Unaudited)

	<u>2020</u>		<u>2019</u>	
	<u>Pension (and Other Employee Benefit) Trust Funds *</u>	<u>Custodial Funds</u>	<u>Pension (and Other Employee Benefit) Trust Funds *</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>				
Contribution:				
Borrower payments	\$ -	1,472,188,823	-	839,503,816
Employers	45,640	99,038	56,490	115,355
Other governmental agency	-	4,454,575	-	2,988,853
Total Contributions	<u>45,640</u>	<u>1,476,742,436</u>	<u>56,490</u>	<u>842,608,024</u>
Investment earnings:				
Net increase/(decrease) in fair value of investments	(1,557,980)	-	3,150,704	-
Interest, dividends, and other	431,598	10,710	468,979	92,287
Total investment earnings	<u>(1,126,382)</u>	<u>10,710</u>	<u>3,619,683</u>	<u>92,287</u>
Total additions	<u>(1,080,742)</u>	<u>1,476,753,146</u>	<u>3,676,173</u>	<u>842,700,311</u>
<b>DEDUCTIONS</b>				
Benefits paid to participants or beneficiaries	206,659	-	203,025	-
Other governmental agency	-	1,290,290	-	27,525
Disbursement of escrow funds	-	1,449,021,106	-	819,649,020
Administrative expense	45,640	-	56,490	-
Total deductions	<u>252,299</u>	<u>1,450,311,396</u>	<u>259,515</u>	<u>819,676,545</u>
Net increase in fiduciary net position	(1,333,041)	26,441,750	3,416,658	23,023,766
Net position - beginning of year	39,999,804	164,786,282	32,338,023	79,722,873
Net position - end of six months	<u>\$ 38,666,763</u>	<u>191,228,032</u>	<u>35,754,681</u>	<u>102,746,639</u>

\* June 30, 2020 and 2019 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, 2020 and 2019

(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) and Federal National Mortgage Association (FNMA) guaranteed mortgage backed securities (see note 1 (g)). 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) Adoption of New Accounting Standards**

During the fiscal year ended June 30, 2020, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 84, *Fiduciary Activities*. The Authority's implementation of GASB Statement No. 84 resulted in a change in accounting and financial report for the Authority's fiduciary activities which is disclosed in the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position.

The change in accounting and financial reporting will affect the December 31, 2019 balances which have now been reclassified and disclosed on the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position.

**(d) 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.

**(e) 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 is derived from management's review of third party pricing services that use various models that are

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

based on quoted market prices when available or on adjusted values in relation to observable prices on similar investments. The fair value of asset backed securities which include agency-mortgage backed securities are also 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.

**(f) *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, 2020, the Authority had outstanding 56 forward sales transactions with a \$574.0 million notional amount with five counterparties. At December 31, 2019, the Authority had outstanding 57 forward sales transactions with a \$465.5 million notional amount with four counterparties.

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

The Authority is an authorized issuer of GNMA and FNMA Mortgage-Backed Securities (MBS). Through the MBS programs, GNMA and FNMA 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.

**(h) *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.

**(i) *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, 2020 and 2019

(Unaudited)

The allowance for loan losses was increased by \$6,808,628 for the six months ended December 31, 2020 and reduced by \$1,050,618 for the six months ended December 31, 2019.

	<u>Six months ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Beginning Balance, July 1	\$ 174,496,556	137,237,884
Provision:		
Homeownership	1,787,015	2,639,116
Rental Housing	5,647,787	(1,918,763)
Provision	7,434,802	720,353
Net (charge-offs)/recoveries:		
Homeownership	(626,174)	(1,699,771)
Rental Housing	-	(71,200)
Net charge-offs	(626,174)	(1,770,971)
Net change	6,808,628	(1,050,618)
Ending Balance, December 31	\$ 181,305,184	136,187,266

**(j) 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 or FNMA and the Authority remains the servicer of the loans. Estimated life is determined to be 7 years.

**(k) 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.

**(l) 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, 2020 and 2019

(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.

**(m) 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.

**(n) 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.

**(o) 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, 2020 and 2019

(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.

**(p) Reclassifications**

Certain reclassifications have been made in the December 31, 2019 financial statements to conform to the December 31, 2020 presentation.

**(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, 2020 and 2019

(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, 2020 and 2019, the carrying amount of the Authority's deposits was \$59,350,804 and \$54,672,743, respectively. The associated bank balance of the Authority's deposits was \$57,345,779 and \$51,185,330 at December 31, 2020 and 2019, 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, 2020 and 2019, total cash equivalents were \$1,682,528,287 and \$784,096,483, 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, 2020 and 2019

(Unaudited)

As of December 31, 2020, 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	\$ 724,859,716	-	-	-	724,859,716
Repurchase agreements	800,000,000	-	-	-	800,000,000
Asset-backed securities	-	-	-	2,586,500	2,586,500
Agency-mortgage backed securities	-	-	897,971	858,576,280	859,474,251
Money market securities	157,668,571	-	-	-	157,668,571
Total investments	<u>\$ 1,682,528,287</u>	<u>-</u>	<u>897,971</u>	<u>861,162,780</u>	<u>2,544,589,038</u>

As of December 31, 2019, 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	\$ 139,508,686	-	-	-	139,508,686
Repurchase agreements	410,000,000	-	-	-	410,000,000
Asset-backed securities	-	-	-	2,806,986	2,806,986
Agency-mortgage backed securities	-	-	1,134,320	578,105,391	579,239,711
Money market securities	234,587,797	-	-	-	234,587,797
Total investments	<u>\$ 784,096,483</u>	<u>-</u>	<u>1,134,320</u>	<u>580,912,377</u>	<u>1,366,143,180</u>

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

**(4) Notes and Bonds Payable**

Notes and bonds payable at June 30, 2020 and December 31, 2020 and changes for the six months ended December 31, 2020 were as follows:

Description	Balance at June 30, 2020	Issued	Retired	Balance at December 31, 2020
(Amounts shown in thousands)				
General operating accounts:				
Revolving line of credit:				
Bank of America				
floating daily rate (rate of				
0.15% at December 31, 2020)				
termination date of December 1, 2021	\$ 5,000	15,000	20,000	—
Federal Home Loan Bank				
varying fixed rate notes with 90-day maturities				
(average of 0.23% as of December 31, 2020 and				
1.77% at December 31, 2019), maturities range				
from January 4, 2021 to March 2, 2021	445,300	160,000	—	605,300
Total general operating				
accounts	\$ 450,300	175,000	20,000	605,300

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

Description	Balance at June 30, 2020	Issued	Retired	Balance at December 31, 2020
(Amounts shown in thousands)				
rental housing bond group:				
2010 Series F, dated December 2, 2010, 4.86% effective interest rate, final due date January 1, 2041	\$ 16,510	—	—	16,510
2011 Series A, dated May 24, 2011, 4.92% effective interest rate, final due date May 1, 2041	9,720	—	—	9,720
2011 Series B, dated September 27, 2011, 4.27% effective interest rate, final due date October 1, 2041	12,700	—	375	12,325
2011 Series C, dated December 8, 2011, 4.24% effective interest rate, final due date December 1, 2038	15,940	—	585	15,355
2011 Series D, dated December 8, 2011, 4.93% effective interest rate, final due date January 1, 2039	127,200	—	—	127,200
2012 Series A, dated February 28, 2012, 3.60% effective interest rate, final due date March 1, 2042	29,325	—	—	29,325
2012 Series B/C, dated August 21, 2012, 3.64% effective interest rate, final due date August 1, 2042	98,270	—	2,870	95,400
2012 Series D dated October 30, 2012, 4.02% effective interest rate, final due date October 1, 2042	190,635	—	5,485	185,150
2012 Series E dated November 2, 2012, 3.16% effective interest rate, final due date November 1, 2042	9,155	—	280	8,875
2013 Series A/B dated April 11, 2013, 3.95% effective interest rate, final due date April 1, 2043	29,385	—	—	29,385
2013 Series C dated May 2, 2013, 3.82% effective interest rate, final due date February 1, 2043	140,080	—	2,110	137,970
2013 Series D dated May 30, 2013, 4.06% effective interest rate, final due date June 1, 2043	97,270	—	1,325	95,945
2013 Series E dated July 11, 2013, 4.15% effective interest rate, final due date July 1, 2043	18,465	—	525	17,940

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

Description	Balance at June 30, 2020	Issued	Retired	Balance at December 31, 2020
	(Amounts shown in thousands)			
2013 Series F dated October 10, 2013, 4.98% effective interest rate, final due date October 1, 2043	\$ 53,080	—	1,275	51,805
2013 Series G dated December 3, 2013, 4.39% effective interest rate, final due date December 1, 2043	9,400	—	235	9,165
2014 Series A dated August 19, 2014, 3.75% effective interest rate, final due date August 1, 2049	11,855	—	230	11,625
2014 Series B dated October 28, 2014, 3.30% effective interest rate, final due date October 1, 2044	8,145	—	225	7,920
2014 Series C dated November 20, 2014, 4.29% effective interest rate, final due date November 1, 2044	120,730	—	3,120	117,610
2015 Series A dated March 18, 2015, 3.50% effective interest rate, final due date March 1, 2045	35,825	—	—	35,825
2015 Series B dated May 12, 2015, 3.44% effective interest rate, final due date May 1, 2045	10,655	—	—	10,655
2015 Series C dated August 5, 2015, 3.68% effective interest rate, final due date August 1, 2045	21,185	—	560	20,625
2015 Series D dated November 10, 2015, 3.55% effective interest rate, final due date November 1, 2045	32,680	—	865	31,815
2015 Series E/F dated December 8, 2015, 3.94% effective interest rate, final due date December 1, 2045	77,325	—	1,880	75,445
2016 Series A dated March 8, 2016, 2.99% effective interest rate, final due date March 1, 2046	4,500	—	—	4,500
2016 Series B dated May 17, 2016, 3.35% effective interest rate, final due date May 1, 2046	65,645	—	885	64,760
2016 Series C dated July 19, 2016, 2.72% effective interest rate, final due date July 1, 2046	4,450	—	115	4,335
2016 Series D dated October 18, 2016, 2.89% effective interest rate, final due date October 1, 2046	7,575	—	205	7,370

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

Description	Balance at June 30, 2020	Issued	Retired	Balance at December 31, 2020
	(Amounts shown in thousands)			
2017 Series A dated March 14, 2017, 3.66% effective interest rate, final due date March 1, 2049	\$ 27,370	—	—	27,370
2017 Series B dated June 13, 2017, 3.35% effective interest rate, final due date June 1, 2047	6,690	—	—	6,690
2017 Series C dated September 13, 2017, 3.24% effective interest rate, final due date September 1, 2047	2,825	—	70	2,755
2017 Series D dated October 19, 2017, 3.21% effective interest rate, final due date October 1, 2047	5,530	—	140	5,390
2017 Series E dated December 5, 2017, 3.28% effective interest rate, final due date December 1, 2050	47,880	—	970	46,910
2018 Series A dated March 27, 2018, 3.43% effective interest rate, final due date March 1, 2053	48,375	—	—	48,375
2018 Series B dated June 5, 2018, 3.76% effective interest rate, final due date June 1, 2053	27,355	—	—	27,355
2018 Series C dated August 28, 2018, 3.51% effective interest rate, final due date August 1, 2053	23,145	—	—	23,145
2018 Series D dated October 2, 2018, 3.74% effective interest rate, final due date October 1, 2053	74,395	—	—	74,395
2018 Series E dated December 4, 2018, 3.90% effective interest rate, final due date December 1, 2049	42,090	—	—	42,090
2019 Series A dated March 26, 2019, 3.53% effective interest rate, final due date March 1, 2054	80,425	—	—	80,425
2019 Series B dated May 22, 2019, 3.10% effective interest rate, final due date May 1, 2054	17,100	—	—	17,100
2019 Series C dated August 21, 2019 3.13% effective interest rate, final due date August 1, 2054	50,000	—	—	50,000
2019 Series D dated October 16, 2019 3.12% effective interest rate, final due date October 1, 2054	50,000	—	—	50,000
2019 Series E dated December 12, 2019 2.89% effective interest rate, final due date December 1, 2054	63,700	—	—	63,700

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

Description	Balance at June 30, 2020	Issued	Retired	Balance at December 31, 2020
	(Amounts shown in thousands)			
2020 Series A dated March 25, 2020 2.74% effective interest rate, final due date March 1, 2055	\$ 75,000	—	—	75,000
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
	<u>2,600,490</u>	<u>537,790</u>	<u>24,330</u>	<u>3,113,950</u>
Unamortized premium	(540)	—	12	(528)
Total rental housing bonds	<u>\$ 2,599,950</u>			<u>3,113,422</u>

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

Description	Balance at June 30, 2020	Issued	Retired	Balance at December 31, 2020
(Amounts shown in thousands)				
Commonwealth mortgage bonds group:				
2002 Series E/F/G, dated December 17, 2002, 5.29% effective interest rate, final due date December 25, 2032	\$ 5,498	—	238	5,260
2004 Series B, dated June 10, 2004, 5.80% effective interest rate, final due date June 25, 2034	1,229	—	165	1,064
2006 Series C, dated June 8, 2006, 6.29% effective interest rate, final due date June 25, 2034	7,895	—	1,011	6,884
2008 Series A, dated March 25, 2008, 6.11% effective interest rate, final due March 25, 2038	12,779	—	1,935	10,844
2008 Series B, dated April 10, 2008, 6.17% effective interest rate, final due date March 25, 2038	19,473	—	2,598	16,875
2008 Series C, dated November 18, 2008, 6.51% effective interest rate, final due date June 25, 2038	6,462	—	389	6,073
2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026	53,200	—	4,200	49,000
2012 Series B/C, dated December 20, 2012, 3.21% effective interest rate, final due date July 1, 2039.	371,250	—	14,000	357,250
2013 Series B, dated May 21, 2013, 2.75% effective interest rate, final due date April 25, 2042	31,358	—	2,943	28,415



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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

Description	Balance at June 30, 2020	Issued	Retired	Balance at December 31, 2020
(Amounts shown in thousands)				
2013 Series C, dated October 24, 2013, 4.25% effective interest rate, final due date October 25, 2043	\$ 51,445	—	9,282	42,163
2013 Series D, dated December 19, 2013, 4.30% effective interest rate, final due date December 25, 2043	44,088	—	5,976	38,112
2014 Series A, dated December 11, 2014, 3.50% effective interest rate, final due date October 25, 2037	54,536	—	6,492	48,044
2015 Series A, dated November 10, 2015, 3.25% effective interest rate, final due date June 25, 2045	78,278	—	7,695	70,583
2016 Series A, dated June 9, 2016, 3.10% effective interest rate, final due date June 25, 2041	80,682	—	8,872	71,810
2017 Series A, dated June 13, 2017, 3.13% effective interest rate, final due date November 25, 2039	92,412	—	10,847	81,565
2019 Series A, dated November 5, 2019, 2.95% effective interest rate, final due date October 25, 2049	103,076	—	13,615	89,461
2020 Series A, dated February 12, 2020, 2.85% effective interest rate, final due date December 25, 2049	119,507	—	8,078	111,429
2020 Series B, dated April 21, 2020, 2.75% effective interest rate, final due date October 25, 2046	146,804	—	18,114	128,690
	<u>1,279,972</u>	<u>—</u>	<u>116,450</u>	<u>1,163,522</u>
Unamortized premium	(822)	—	92	(730)
Total commonwealth mortgage bonds group	<u>\$ 1,279,150</u>			<u>1,162,792</u>

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

Description	Balance at June 30, 2020	Issued	Retired	Balance at December 31, 2020
	(Amounts shown in thousands)			
Homeownership mortgage bonds group:				
2010 Series B, dated October 29, 2010, 3.54% effective interest rate, final due date March 1, 2022	\$ 8,000	—	3,000	5,000
2011 Series A, dated June 14, 2011, 3.58% effective interest rate, final due date March 1, 2024	17,900	—	—	17,900
2011 Series B, dated September 27, 2011, 3.41% effective interest rate, final due date September 1, 2024	22,850	—	—	22,850
2013 Series A, dated March 27, 2013, 3.25% effective interest rate, final due date August 25, 2042	69,275	—	8,529	60,746
Total homeownership mortgage bonds group	118,025	—	11,529	106,496
Total	\$ 4,447,425			4,988,010

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(Unaudited)

Notes and bonds payable at June 30, 2019 and December 31, 2019 and changes for the six months ended December 31, 2019 were summarized as follows (amounts in thousands):

Description	Balance at June 30, 2019	Issued	Retired	Increase/ (decrease) in unamortized premium/ discount	Balance at December 31, 2019
General operating accounts	\$ 445,300	38,000	30,000	-	453,300
Rental housing bonds group	1,824,645	163,700	63,795	-	1,924,550
Commonwealth mortgage bonds group	1,059,464	106,478	84,398	82	1,081,626
Homeownership mortgage bonds group	157,951	-	23,405	-	134,546
Total	<u>\$ 3,487,360</u>	<u>308,178</u>	<u>201,598</u>	<u>82</u>	<u>3,594,022</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, 2021 and thereafter are as follows:

Year Ending December 31	Outstanding principal	Current interest	Total debt service
2021	\$ 715,258,405	148,732,107	863,990,512
2022	122,660,000	144,869,531	267,529,531
2023	145,905,000	141,384,846	287,289,846
2024	136,020,000	137,886,497	273,906,497
2025	103,305,000	134,641,793	237,946,793
2026-2030	522,790,000	627,256,662	1,150,046,662
2031-2035	599,777,306	535,496,857	1,135,274,163
2036-2040	760,656,012	412,378,706	1,173,034,718
2041-2045	850,178,097	245,065,619	1,095,243,716
2046-2050	677,907,818	127,073,341	804,981,159
2051-2055	354,810,000	33,469,466	388,279,466
Total	<u>\$ 4,989,267,638</u>	<u>2,688,255,425</u>	<u>7,677,523,063</u>

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

Notes to Basic Financial Statements

December 31, 2020 and 2019

(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, 2020 and 2019

(Unaudited)

Description	Balance at June 30, 2020	Issued	Retired	Balance at December 31, 2020
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	\$ 2,855,743	—	26,823	2,828,920
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	7,414,680	—	71,238	7,343,442
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	5,403,411	—	41,672	5,361,739
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	6,882,013	—	95,394	6,786,619
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	3,644,280	—	33,559	3,610,721
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	2,396,665	—	22,070	2,374,595
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	4,387,035	—	42,923	4,344,112
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	3,351,892	—	32,795	3,319,097
Total participation certificates payable	<u>\$ 36,335,719</u>	<u>—</u>	<u>366,474</u>	<u>35,969,245</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position  
December 31, 2020  
(Unaudited)

<b>Assets</b>	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 160,566,186	1,118,420,781	419,439,488	43,452,636	1,741,879,091
Interest receivable – investments	2,006,989	76,969	331,111	2,965	2,418,034
Mortgage loans held for sale	-	-	317,908,112	-	317,908,112
Mortgage and other loans receivable, net	7,267,126	99,441,603	77,776,119	4,844,885	189,329,733
Interest receivable – mortgage and other loans	667,255	19,902,953	5,859,742	392,959	26,822,909
Other real estate owned	1,888,575	427,000	1,175,318	221,078	3,711,971
Other assets	13,617,005	-	5,867	-	13,622,872
Total current assets	<u>186,013,136</u>	<u>1,238,269,306</u>	<u>822,495,757</u>	<u>48,914,523</u>	<u>2,295,692,722</u>
<b>Noncurrent assets:</b>					
Investments	722,109,526	-	139,951,225	-	862,060,751
Mortgage and other loans receivable	257,732,835	3,706,752,006	1,757,237,030	149,834,987	5,871,556,858
Less allowance for loan loss	54,795,061	68,237,829	56,246,438	2,025,856	181,305,184
Less net loan discounts	2,258,118	52,020,886	(5,695,269)	119,403	48,703,138
Mortgage and other loans receivable, net	<u>200,679,656</u>	<u>3,586,493,291</u>	<u>1,706,685,861</u>	<u>147,689,728</u>	<u>5,641,548,536</u>
Capital Assets, net of accumulated depreciation and amortization of \$45,862,556	16,730,818	8,664,311	-	-	25,395,129
Mortgage servicing rights, net	40,777,662	-	-	-	40,777,662
Other Assets	17,552,337	-	-	-	17,552,337
Total noncurrent assets	<u>997,849,999</u>	<u>3,595,157,602</u>	<u>1,846,637,086</u>	<u>147,689,728</u>	<u>6,587,334,415</u>
<b>Total assets</b>	<u><u>1,183,863,135</u></u>	<u><u>4,833,426,908</u></u>	<u><u>2,669,132,843</u></u>	<u><u>196,604,251</u></u>	<u><u>8,883,027,137</u></u>
<b>Deferred outflows of resources</b>					
Other postemployment benefits - change in assumptions	2,362,344	-	-	-	2,362,344
Other postemployment benefits - difference between expected and actual experience	2,228,265	-	-	-	2,228,265
Total Deferred outflows of resources	<u><u>4,590,609</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,590,609</u></u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position  
December 31, 2020  
(Unaudited)

<b>Liabilities</b>	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
Current liabilities:					
Notes and bonds payable	605,300,000	42,130,000	56,838,343	10,990,062	715,258,405
Accrued interest payable on notes and bonds	95,830	26,744,569	6,818,646	727,971	34,387,016
Escrows	31,278,857	-	-	-	31,278,857
Derivative instruments	-	-	4,979,863	-	4,979,863
Accounts payable and other liabilities	40,021,186	-	-	-	40,021,186
Total current liabilities	<u>676,695,873</u>	<u>68,874,569</u>	<u>68,636,852</u>	<u>11,718,033</u>	<u>825,925,327</u>
Noncurrent liabilities:					
Bonds payable, net	-	3,071,291,588	1,105,952,739	95,506,166	4,272,750,493
Project reserves	94,991,194	-	-	-	94,991,194
Loan participation payable to Federal Financing Bank	35,969,245	-	-	-	35,969,245
Other liabilities	7,536,301	2,511,954	-	-	10,048,255
Total noncurrent liabilities	<u>138,496,740</u>	<u>3,073,803,542</u>	<u>1,105,952,739</u>	<u>95,506,166</u>	<u>4,413,759,187</u>
<b>Total liabilities</b>	<u>815,192,613</u>	<u>3,142,678,111</u>	<u>1,174,589,591</u>	<u>107,224,199</u>	<u>5,239,684,514</u>
<b>Deferred inflows of resources</b>					
Other postemployment benefits - change in assumptions	583,584	-	-	-	583,584
Other postemployment benefits - difference between expected and actual experience	166,145	-	-	-	166,145
Other postemployment benefits - difference between projected and actual earning	2,860,594	-	-	-	2,860,594
<b>Total deferred inflows of resources</b>	<u>3,610,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,610,323</u>
<b>Net position:</b>					
Net investment in capital assets	14,956,752	(870,800)	-	-	14,085,952
Restricted by bond indentures	-	1,691,619,597	1,494,543,252	89,380,052	3,275,542,901
Unrestricted	354,694,056	-	-	-	354,694,056
<b>Total net position</b>	<u>\$ 369,650,808</u>	<u>1,690,748,797</u>	<u>1,494,543,252</u>	<u>89,380,052</u>	<u>3,644,322,909</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, 2020  
(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	\$ 4,249,932	97,426,541	38,917,736	3,233,948	143,828,157
Housing Choice Voucher program administrative income	3,517,497	-	-	-	3,517,497
Gains and recoveries on sale of other real estate owned	212,816	-	156,971	3,392	373,179
Gains on sale of single family mortgage loans	-	-	19,433,020	-	19,433,020
Mortgage servicing fees net of guaranty fees	19,402,530	-	-	-	19,402,530
Other	3,888,660	1,435,813	72	-	5,324,545
Total operating revenues	<u>31,271,435</u>	<u>98,862,354</u>	<u>58,507,799</u>	<u>3,237,340</u>	<u>191,878,928</u>
Operating expenses:					
Interest on notes and bonds payable	635,373	50,527,820	19,539,137	1,907,472	72,609,802
Salaries and related employee benefits	30,448,433	-	-	-	30,448,433
General operating expenses	13,936,526	-	2,559	-	13,939,085
Note and bond expenses	756,677	-	-	-	756,677
Bond issuance expenses	140,500	3,336,538	-	-	3,477,038
Grant expenses	15,255,517	-	-	-	15,255,517
Housing Choice Voucher program expenses	3,139,628	-	-	-	3,139,628
Mortgage servicing rights amortization and other servicing costs	13,174,479	-	3,716,280	-	16,890,759
Losses/(gains) on other real estate owned	326,385	(39,334)	157,806	10,461	455,318
Provision for loan losses	3,535,869	6,047,021	(2,130,299)	(196,661)	7,255,930
Total operating expenses	<u>81,349,387</u>	<u>59,872,045</u>	<u>21,285,483</u>	<u>1,721,272</u>	<u>164,228,187</u>
Operating income (expense)	<u>(50,077,952)</u>	<u>38,990,309</u>	<u>37,222,316</u>	<u>1,516,068</u>	<u>27,650,741</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	64,052,744	-	-	-	64,052,744
Pass-through grants expenses	(64,052,744)	-	-	-	(64,052,744)
Investment income	27,710,890	498,177	7,397,780	19,460	35,626,307
Unrealized loss on derivative instruments	-	-	(5,074,605)	-	(5,074,605)
Other, net	16,899	-	-	-	16,899
Total nonoperating revenues, net	<u>27,727,789</u>	<u>498,177</u>	<u>2,323,175</u>	<u>19,460</u>	<u>30,568,601</u>
Income (loss) before transfers	<u>(22,350,163)</u>	<u>39,488,486</u>	<u>39,545,491</u>	<u>1,535,528</u>	<u>58,219,342</u>
Transfers between funds	26,037,900	(27,194,745)	1,131,748	25,097	-
Change in net position	<u>3,687,737</u>	<u>12,293,741</u>	<u>40,677,239</u>	<u>1,560,625</u>	<u>58,219,342</u>
Total net position, beginning of year	365,963,071	1,678,455,056	1,453,866,013	87,819,427	3,586,103,567
Total net position, end of six months	<u>\$ 369,650,808</u>	<u>1,690,748,797</u>	<u>1,494,543,252</u>	<u>89,380,052</u>	<u>3,644,322,909</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, 2020

(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virginia Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 164,841,056	5,358,961	5,052,160	712,246	175,964,423
Interest receivable - investments	-	378	277	52	707
Interest receivable - mortgage and other loans	-	1,046	32,011	4,597	37,654
Other assets	-	68,677	-	-	68,677
Total current assets	<u>164,841,056</u>	<u>5,429,062</u>	<u>5,084,448</u>	<u>716,895</u>	<u>176,071,461</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,254,370	15,641,651	5,200,847	23,096,868
Total noncurrent assets	<u>-</u>	<u>2,254,370</u>	<u>15,641,651</u>	<u>5,200,847</u>	<u>23,096,868</u>
Total assets	<u>164,841,056</u>	<u>7,683,432</u>	<u>20,726,099</u>	<u>5,917,742</u>	<u>199,168,329</u>
<b>LIABILITIES</b>					
Other liabilities	-	2,239,505	4,992,487	708,305	7,940,297
Total liabilities	<u>-</u>	<u>2,239,505</u>	<u>4,992,487</u>	<u>708,305</u>	<u>7,940,297</u>
<b>NET POSITION</b>					
Restricted for:					
Funds held in escrow	164,841,056	-	-	-	164,841,056
Other governmental agency	-	5,443,927	15,733,612	5,209,437	26,386,976
Total Net Position	<u>\$ 164,841,056</u>	<u>5,443,927</u>	<u>15,733,612</u>	<u>5,209,437</u>	<u>191,228,032</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, 2020  
(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virginia Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>					
Contribution:					
Borrower payments	\$ 1,472,188,823	-	-	-	1,472,188,823
Employers	-	22,320	58,398	18,320	99,038
Other governmental agency	-	-	1,679,575	2,775,000	4,454,575
Total Contributions	<u>1,472,188,823</u>	<u>22,320</u>	<u>1,737,973</u>	<u>2,793,320</u>	<u>1,476,742,436</u>
Investment earnings:					
Interest, dividends, and other	-	9,190	1,311	209	10,710
Total investment earnings	<u>-</u>	<u>9,190</u>	<u>1,311</u>	<u>209</u>	<u>10,710</u>
Total additions	<u>1,472,188,823</u>	<u>31,510</u>	<u>1,739,284</u>	<u>2,793,529</u>	<u>1,476,753,146</u>
<b>DEDUCTIONS</b>					
Other governmental agency	-	1,262,488	27,802	-	1,290,290
Disbursement of escrow funds	1,449,021,106	-	-	-	1,449,021,106
Total deductions	<u>1,449,021,106</u>	<u>1,262,488</u>	<u>27,802</u>	<u>-</u>	<u>1,450,311,396</u>
Net increase/(decrease) in fiduciary net position	23,167,717	(1,230,978)	1,711,482	2,793,529	26,441,750
Net position - beginning of year	141,673,339	6,674,905	14,022,130	2,415,908	164,786,282
Net position - end of six months	<u>\$ 164,841,056</u>	<u>5,443,927</u>	<u>15,733,612</u>	<u>5,209,437</u>	<u>191,228,032</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position  
December 31, 2019  
(Unaudited)

<b>Assets</b>	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 170,856,829	409,620,775	248,431,371	9,860,251	838,769,226
Interest receivable – investments	1,820,711	399,639	339,950	8,838	2,569,138
Mortgage loans held for sale	-	-	158,174,067	-	158,174,067
Mortgage and other loans receivable, net	6,875,495	76,233,234	74,613,936	6,168,384	163,891,049
Interest receivable – mortgage and other loans	648,607	14,968,302	7,011,713	602,744	23,231,366
Other real estate owned	7,331,942	602,000	4,084,409	408,970	12,427,321
Other assets	8,151,821	-	3,840	-	8,155,661
Total current assets	<u>195,685,405</u>	<u>501,823,950</u>	<u>492,659,286</u>	<u>17,049,187</u>	<u>1,207,217,828</u>
<b>Noncurrent assets:</b>					
Investments	553,801,439	-	28,245,258	-	582,046,697
Mortgage and other loans receivable	244,197,592	3,177,931,454	2,060,840,505	204,927,194	5,687,896,745
Less allowance for loan loss	40,316,084	42,063,749	51,562,027	2,245,406	136,187,266
Less net loan discounts	457,211	45,705,865	(3,725,060)	297,627	42,735,643
Mortgage and other loans receivable, net	<u>203,424,297</u>	<u>3,090,161,840</u>	<u>2,013,003,538</u>	<u>202,384,161</u>	<u>5,508,973,836</u>
Capital Assets, net of accumulated depreciation and amortization of \$41,977,284	18,031,943	9,361,063	-	-	27,393,006
Mortgage servicing rights, net	38,844,106	-	-	-	38,844,106
Other Assets	12,228,535	-	-	-	12,228,535
Total noncurrent assets	<u>826,330,320</u>	<u>3,099,522,903</u>	<u>2,041,248,796</u>	<u>202,384,161</u>	<u>6,169,486,180</u>
<b>Total assets</b>	<u><u>1,022,015,725</u></u>	<u><u>3,601,346,853</u></u>	<u><u>2,533,908,082</u></u>	<u><u>219,433,348</u></u>	<u><u>7,376,704,008</u></u>
<b>Deferred outflows of resources</b>					
Other postemployment benefits - change in assumptions	2,653,422	-	-	-	2,653,422
Other postemployment benefits - difference between expected and actual experience	1,200,594	-	-	-	1,200,594
Other postemployment benefits - difference between projected and actual earning	856,736	-	-	-	856,736
Total Deferred outflows of resources	<u>4,710,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,710,752</u>

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
(A Component Unit of the Commonwealth of Virginia)  
Combining Schedule of Net Position  
December 31, 2019  
(Unaudited)

	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
<b>Liabilities</b>					
Current liabilities:					
Notes and bonds payable	453,300,000	39,550,000	54,341,173	16,264,874	563,456,047
Accrued interest payable on notes and bonds	492,256	19,467,738	7,080,520	932,450	27,972,964
Escrows	31,725,093	-	-	-	31,725,093
Derivative instruments	-	-	726,621	-	726,621
Accounts payable and other liabilities	18,811,894	-	-	-	18,811,894
Total current liabilities	<u>504,329,243</u>	<u>59,017,738</u>	<u>62,148,314</u>	<u>17,197,324</u>	<u>642,692,619</u>
Noncurrent liabilities:					
Bonds payable, net	-	1,885,000,000	1,027,285,010	118,280,622	3,030,565,632
Project reserves	113,094,229	-	-	-	113,094,229
Loan participation payable to Federal Financing Bank	36,694,895	-	-	-	36,694,895
Other liabilities	7,496,092	2,637,052	-	-	10,133,144
Total noncurrent liabilities	<u>157,285,216</u>	<u>1,887,637,052</u>	<u>1,027,285,010</u>	<u>118,280,622</u>	<u>3,190,487,900</u>
<b>Total liabilities</b>	<u>661,614,459</u>	<u>1,946,654,790</u>	<u>1,089,433,324</u>	<u>135,477,946</u>	<u>3,833,180,519</u>
<b>Deferred inflows of resources</b>					
Other postemployment benefits - difference between expected and actual experience	186,913	-	-	-	186,913
<b>Total deferred inflows of resources</b>	<u>186,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,913</u>
<b>Net position:</b>					
Net investment in capital assets	15,592,600	(456,521)	-	-	15,136,079
Restricted by bond indentures	-	1,655,148,584	1,444,474,758	83,955,402	3,183,578,744
Unrestricted	349,332,505	-	-	-	349,332,505
<b>Total net position</b>	<u>\$ 364,925,105</u>	<u>1,654,692,063</u>	<u>1,444,474,758</u>	<u>83,955,402</u>	<u>3,548,047,328</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, 2019  
(Unaudited)

	<b>General Operating Accounts</b>	<b>Rental Housing Bond Group</b>	<b>Commonwealth Mortgage Bond Group</b>	<b>Home- ownership Bond Group</b>	<b>Total</b>
Operating revenues:					
Interest on mortgage and other loans receivable	\$ 4,341,548	89,710,022	46,536,828	4,801,608	145,390,006
Housing Choice Voucher program administrative income	3,529,787	-	-	-	3,529,787
Other real estate owned income	-	10,318	-	-	10,318
Gains and recoveries on sale of other real estate owned	312,791	-	186,252	22,618	521,661
Gains on sale of single family mortgage loans	-	-	21,375,913	-	21,375,913
Mortgage servicing fees net of guaranty fees	20,558,304	-	-	-	20,558,304
Other	2,634,291	1,887,362	4,921	-	4,526,574
Total operating revenues	<u>31,376,721</u>	<u>91,607,702</u>	<u>68,103,914</u>	<u>4,824,226</u>	<u>195,912,563</u>
Operating expenses:					
Interest on notes and bonds payable	5,011,631	35,233,300	17,678,649	2,504,214	60,427,794
Salaries and related employee benefits	28,389,071	-	-	-	28,389,071
General operating expenses	11,927,545	-	-	-	11,927,545
Note and bond expenses	330,407	-	-	-	330,407
Bond issuance expenses	120,500	1,200,745	561,199	-	1,882,444
Grant expenses	13,372,710	-	-	-	13,372,710
Housing Choice Voucher program expenses	3,834,028	-	-	-	3,834,028
Mortgage servicing rights amortization and other servicing costs	10,718,898	-	3,600,699	-	14,319,597
Other real estate owned expenses	-	12,673	-	-	12,673
Losses on other real estate owned	302,234	-	404,104	25,397	731,735
Provision for loan losses	6,856,043	(1,767,372)	(4,187,925)	(180,393)	720,353
Total operating expenses	<u>80,863,067</u>	<u>34,679,346</u>	<u>18,056,726</u>	<u>2,349,218</u>	<u>135,948,357</u>
Operating income (expense)	<u>(49,486,346)</u>	<u>56,928,356</u>	<u>50,047,188</u>	<u>2,475,008</u>	<u>59,964,206</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	45,355,542	-	-	-	45,355,542
Pass-through grants expenses	(45,355,542)	-	-	-	(45,355,542)
Investment income	14,352,789	3,538,090	2,559,145	97,620	20,547,644
Unrealized gain on derivative instruments	-	-	1,491,602	-	1,491,602
Other, net	26,946	-	-	-	26,946
Total nonoperating revenues, net	<u>14,379,735</u>	<u>3,538,090</u>	<u>4,050,747</u>	<u>97,620</u>	<u>22,066,192</u>
Income (loss) before transfers	<u>(35,106,611)</u>	<u>60,466,446</u>	<u>54,097,935</u>	<u>2,572,628</u>	<u>82,030,398</u>
Transfers between funds					
Change in net position	<u>2,044,285</u>	<u>54,349,913</u>	<u>23,027,427</u>	<u>2,608,773</u>	<u>82,030,398</u>
Total net position, beginning of year	362,880,820	1,600,342,150	1,421,447,331	81,346,629	3,466,016,930
Total net position, end of six months	<u>\$ 364,925,105</u>	<u>1,654,692,063</u>	<u>1,444,474,758</u>	<u>83,955,402</u>	<u>3,548,047,328</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, 2019  
(Unaudited)

	<b>Escrow Funds (GNMA, FNMA, Habitat)</b>	<b>Commonwealth Priority Housing Fund</b>	<b>Virginia Housing Trust Fund</b>	<b>National Housing Trust Fund</b>	<b>Total Custodial Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 81,558,804	7,363,417	2,857,340	9,553	91,789,114
Interest receivable - investments	-	7,662	2,818	20	10,500
Interest receivable - mortgage and other loans	-	1,045	20,666	1,333	23,044
Other assets	-	70,547	-	-	70,547
Total current assets	<u>81,558,804</u>	<u>7,442,671</u>	<u>2,880,824</u>	<u>10,906</u>	<u>91,893,205</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	3,396,858	11,976,492	2,425,847	17,799,197
Total noncurrent assets	<u>-</u>	<u>3,396,858</u>	<u>11,976,492</u>	<u>2,425,847</u>	<u>17,799,197</u>
Total assets	<u>81,558,804</u>	<u>10,839,529</u>	<u>14,857,316</u>	<u>2,436,753</u>	<u>109,692,402</u>
<b>LIABILITIES</b>					
Other liabilities	-	4,143,041	2,800,055	2,667	6,945,763
Total liabilities	<u>-</u>	<u>4,143,041</u>	<u>2,800,055</u>	<u>2,667</u>	<u>6,945,763</u>
<b>NET POSITION</b>					
Restricted for:					
Other postemployment benefit plan other than pension					
Funds held in escrow	81,558,804	-	-	-	81,558,804
Other governmental agency	-	6,696,488	12,057,261	2,434,086	21,187,835
Total Net Position	<u>\$ 81,558,804</u>	<u>6,696,488</u>	<u>12,057,261</u>	<u>2,434,086</u>	<u>102,746,639</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, 2019  
(Unaudited)

	<b>Escrow Funds (GNMA, FNMA, Habitat)</b>	<b>Commonwealth Priority Housing Fund</b>	<b>Virgina Housing Trust Fund</b>	<b>National Housing Trust Fund</b>	<b>Total Custodial Funds</b>
<b>ADDITIONS</b>					
Contribution:					
Borrower payments	\$ 839,503,816	-	-	-	839,503,816
Employers	-	23,320	60,837	31,198	115,355
Other governmental agency	-	-	1,688,853	1,300,000	2,988,853
Total Contributions	<u>839,503,816</u>	<u>23,320</u>	<u>1,749,690</u>	<u>1,331,198</u>	<u>842,608,024</u>
Investment earnings:					
Interest, dividends, and other	-	66,962	21,942	3,383	92,287
Total investment earnings	<u>-</u>	<u>66,962</u>	<u>21,942</u>	<u>3,383</u>	<u>92,287</u>
Total additions	839,503,816	90,282	1,771,632	1,334,581	842,700,311
<b>DEDUCTIONS</b>					
Other governmental agency	-	-	27,525	-	27,525
Disbursement of escrow funds	819,649,020	-	-	-	819,649,020
Total deductions	<u>819,649,020</u>	<u>-</u>	<u>27,525</u>	<u>-</u>	<u>819,676,545</u>
Net increase in fiduciary net position	19,854,796	90,282	1,744,107	1,334,581	23,023,766
Net position - beginning of year	61,704,008	6,606,206	10,313,154	1,099,505	79,722,873
Net position - end of six months	<u>\$ 81,558,804</u>	<u>6,696,488</u>	<u>12,057,261</u>	<u>2,434,086</u>	<u>102,746,639</u>