Financial Statements
June 30, 2026 and 2025

Washington State Housing Finance Commission (A Component Unit of the State of Washington)

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Financial Statements

- Statements of Net Position 12
- Statements of Revenues, Expenses, and Changes in Net Position 14
- Statements of Cash Flow 15
- Notes to Financial Statements 17

Required Supplementary Information

- Schedule of Proportionate Share of Net Pension Liability (Asset) 52
- Schedule of Contributions 53
- Schedule of Proportionate Share of OPEB Liability 54

Supplementary Information

- Schedule of Program Net Position 55
- Schedule of Program Revenues, Expenses, and Changes in Program Net Position 57
- Schedule of Program Cash Flows 58
- Schedule of Notes and Bonds Payable 60

Independent Auditor's Report

To the Board of Commissioners
Washington State Housing Finance Commission
Seattle, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Washington State Housing Finance Commission (the Commission), a component unit of the State of Washington, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Washington State Housing Finance Commission as of June 30, 2026 and 2025, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, effective July 1, 2025. In accordance with the transition provisions of GASB Statement No. 103, comparative fiscal year 2025 financial information presented herein has been retrospectively adjusted to conform to the revised presentation requirements. The implementation of this standard had no effect on beginning net position, change in net position, or ending net position for either period presented. Our opinion is not modified with respect to this matter.

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Correction of Error

As discussed in Note 14 to the financial statements, the financial statements as of and for the year ended June 30, 2025, have been restated to correct errors related to the elimination of an intercompany loan and amounts reported in the statement of cash flows. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of program net position, schedule of program revenues, expenses, and changes in program net position, schedule of program cash flows, and schedule of notes and bonds payable (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Eide Bailly LLP

Boise, Idaho
October 30, 2026

As management of the Washington State Housing Finance Commission (the Commission, we, or our), we offer readers of the Commission's financial statements this narrative overview and analysis of our financial activities for the year ended June 30, 2026. This overview and analysis is required by accounting principles generally accepted in the United States of America for governmental entities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: Management's Discussion and Analysis, the financial statements, and the notes to the financial statements. The basic financial statements include the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows. The financial statements are presented in a manner similar to that of a private business using the economic resources measurement focus and the accrual basis of accounting.

The financial statements report information for all Commission programs and operations. The statements of net position include all Commission assets, liabilities and deferred inflows and outflows of resources. All revenues and expenses of the Commission are accounted for in the statements of revenues, expenses, and changes in net position. Program financial statements are presented as supplemental schedules. These schedules separate the financial statements into General Operating Fund, Program-Related Investments, and Bond Fund.

FINANCIAL SUMMARY

The following table summarizes the changes in assets and deferred outflows of resources, liabilities, deferred inflows of resources, as well as the change in net position between June 30, 2026 and 2025, (in millions):

	2026	2025 As Restated	Change	
Assets				
Cash and cash equivalents	$ 725.8	$ 607.3	$ 118.5	19.5%
Investments	202.6	199.6	3.0	1.5%
Accrued interest receivable	17.7	14.0	3.7	26.4%
Fees receivable, net	18.3	15.3	3.0	19.6%
Other receivables	2.7	0.2	2.5	1,250.0%
Mortgage-backed securities, fair value	1,048.1	948.3	99.8	10.5%
Mortgage loans, net	755.8	662.1	93.7	14.2%
Prepaid fees and other	12.1	8.9	3.2	36.0%
Total assets	2,783.1	2,455.7	327.4	13.3%
Deferred Outflows of Resources	2.2	2.2	-	--%
Total assets and deferred outflows of resources	$ 2,785.3	$ 2,457.9	$ 327.4	13.3%

	2026	2025 As Restated	Change	
Liabilities				
Accounts payable and other liabilities	$ 72.9	$ 70.2	$ 2.7	3.8%
Accrued interest payable	11.9	9.0	2.9	32.2%
Unearned revenue and other	71.8	94.1	(22.3)	(23.7%)
Derivative instrument - interest rate swap	(1.2)	(1.1)	(0.1)	9.1%
Notes payable	293.4	214.0	79.4	37.1%
Bonds payable, net	1,115.5	1,000.0	115.5	11.6%
Total liabilities	1,564.3	1,386.2	178.1	12.8%
Deferred Inflows of Resources	8.9	7.6	1.3	17.1%
Net Position				
Restricted				
Bond operations	176.5	146.5	30.0	20.5%
Net Pension Asset	1.6	1.3	0.3	23.1%
Grants and donations to PRI	0.8	0.8	-	--%
Net investment in capital assets	0.6	4.3	(3.7)	(86.0%)
Unrestricted				
General operations	27.9	23.5	4.4	18.7%
Housing Washington	0.2	0.2	-	--%
Program-related investments	1,004.5	887.5	117.0	13.2%
Total net position	1,212.1	1,064.1	148.0	13.9%
Total liabilities, deferred inflows of resources, and net position	$ 2,785.3	$ 2,457.9	$ 327.4	13.3%

	2026	2025 As Restated	Change	
Revenues				
Bond programs mortgage interest	$ 48.6	$ 41.3	$ 7.3	17.7%
Bond programs investments and other income	22.5	19.8	2.7	13.6%
Bond program gain (loss) on mortgage-backed securities	11.1	17.6	(6.5)	(36.9%)
Other bond fees	0.8	-	0.8	100.0%
Program fees and grants	232.0	187.5	44.5	23.7%
General operating fund interest income	11.7	17.6	(5.9)	(33.5%)
Total revenues	326.7	283.8	42.9	15.1%
Expenses				
Bond programs interest expense	52.5	42.3	10.2	24.1%
Other bond programs expenses	2.4	2.8	(0.4)	(14.3%)
Salaries and wages	14.7	12.8	1.9	14.8%
Other general operating fund and program-related investments expenses	109.2	97.4	11.8	12.1%
Total expenses	178.8	155.3	23.5	15.1%
Change in Net Position	$ 147.9	$ 128.5	19.4	15.1%

As of July 1, 2025, the Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Prior year amounts shown in the tables above have been reclassified to conform with this new standard. The implementation of GASB Statement No. 103 had no effect on beginning net position, change in net position, or ending net position.

The Commission identified an interfund loan that should have been eliminated in the prior year. Accordingly, mortgage loans, net, Total assets, Accounts payable and other liabilities, and Total liabilities as of June 30, 2025, were overstated by $70,000,000 and June 30, 2024, were overstated by $30,000,000, see Note 14 for details. As this correction is related to the assets and liabilities of the Commission only, there is no impact to the previously reported net position or Statement of revenues, expenses, and changes in net position. As such, there is no restatement of the net position or to the Statements of revenues, expenses, and changes in net position. The effect of this correction is in the tables herein.

DETAILED ANALYSIS

Cash equivalents, and investments increased by $121.5 million and mortgage-backed securities and mortgage loans increased by $193.5 million, which were the primary components of an increase in assets of $327.4 million. Net bonds payable increased by $115.5 million as new bonds were issued and notes payable increased $79.4 million.

The net position of the Commission increased $147.9 million from the June 30, 2025 amount. This increase resulted from the net operating income, before contributions and distributions, across all funds.

The net position of the Bond Fund is classified as restricted because trust indentures direct the use of the funds. The Commission has designated its remaining net position to a General Operating Fund and to Program-Related Investments.

The General Operating Fund net position is a reserve to protect the Commission from future uncertainty. With the reserve in place, the Commission is positioned to meet its future, long-term project monitoring commitments and to independently meet unforeseen fiscal or legal challenges.

The Commission has also designated a net position for Program-Related Investments. Investments target strategic, higher-risk programs that support the financing and production of housing for low-income and special populations as well as facilities used to provide community services primarily to low-income persons. These investments complement, supplement, and enhance other Commission programs and have been a catalyst to generate $55.65 million in investments and donations by partners who wish to support the program purpose. The Commission manages and deploys those funds in addition to its own.

The primary components of total revenues for the bond fund are mortgage-related interest earnings, investment and other income, and the unrealized gain (loss) on MBSs. Bond interest expense is the primary component of total expense for the bond fund. Commission revenues in the General Operating and PRI Funds are mostly generated from issuer fees, interest income, the premium generated from the sale of mortgage-backed securities, and shared servicing revenue on Home Advantage mortgages outstanding, and state provided grant funds for down payment assistance (DPA). During fiscal year ended June 30, 2026, the Commission's General Operating Fund revenue and expense included $9.0 million of housing counseling and foreclosure relief funds grants which were passed-through to qualifying counseling agencies and other HAF program participants.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The Commission has long-term debt obligations of $1.1 billion, net of bond premium and discounts, and short-term notes payable of $293.4 million, at June 30, 2026. A trustee or paying agent administers monetary activities and holds all monies in the Commission's Bond Fund. They ensure that bond resolution requirements are met, including payments of debt service and funding of necessary reserves. At June 30, 2026, amounts held by the trustees and paying agents represent full funding of these requirements.

Most of the debt of the Commission is tax-exempt, issued under the Internal Revenue Code and Treasury Regulations. The Federal Tax Reform Act of 1986 imposes an annual cap on the aggregate amount of federally tax-exempt private activity bonds. Our Single-family Homeownership program relies on private activity bonds subject to this volume cap. We may also issue taxable debt to supplement our tax-exempt authority and for lending where program requirements are inconsistent with federal restrictions.

The Commission also issues bonds on behalf of multi-family housing developers and not-for-profit organizations. However, the bonds issued under these programs meet the definition of conduit debt obligations for which we have not extended any additional commitments for debt service payments beyond the collateral and payments received from the underlying mortgages. As of June 30, 2026, such bonds have an aggregate outstanding principal amount payable of $10.8 billion. Because these bonds are considered conduit bonds, in accordance with accounting standards generally accepted in the United States of America, the Commission does not include the assets, liabilities, and related activities for these obligations. For additional information see Notes 2 and 8.

The Commission has adopted policies that govern the process followed to issue debt. We issue bonds in the Single-family Homeownership Program to purchase MBSs backed by Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae), or Federal Home Loan Mortgage Corporation (Freddie Mac). These securities carry a credit rating agency rating equal to that of the United States.

The Commission evaluates and uses available debt management techniques to achieve our goals of reducing interest expense and preserving the maximum amount of bonding authority in the Single-family Homeownership Program. In implementing these practices, we often retire higher interest rate debt when opportunities for economic refunding occur.

The Revised Code of Washington Section 43.180.160 limits the Commission's outstanding debt to fourteen billion dollars. We have no general obligation bonds, however, have an issuer credit rating of Aa2 with Moody's.

Net bonds and notes payable as of June 2026 was $1.4 billion, an increase of about $190.0 million from 2025. Changes enumerated by program are summarized in the following table (in millions):

	2025	Issued	Redeemed	Changes	2026
Single-family	$ 993.7	$ 179.5	$ 62.5	$ 117.0	$ 1,110.7
Home ownership (NIPB)	6.3	-	1.5	(1.5)	4.8
Short-term Notes Payable	164.6	361.6	287.1	74.5	239.1
	$ 1,164.6	$ 541.1	$ 351.1	$ 190.0	$ 1,354.6

Net bonds and notes payable as of June 2025 was $1.2 billion, an increase of about $208.0 million from 2024. Changes enumerated by program are summarized in the following table (in millions):

	2024	Issued	Redeemed	Changes	2025
Single-family	$ 840.8	$ 226.5	$ 73.6	$ 152.9	$ 993.7
Home ownership (NIPB)	7.9	-	1.6	(1.6)	6.3
Short-term Notes Payable	107.9	287.4	230.7	56.7	164.6
	$ 956.6	$ 513.9	$ 305.9	$ 208.0	$ 1,164.6

The following table summarizes the changes in assets and deferred outflows of resources, liabilities, deferred inflows of resources, as well as the change in net position between June 30, 2025 and 2024 (in millions):

	2025 As Restated	2024 As Restated	Change	
Assets				
Cash and cash equivalents	$ 607.3	$ 611.4	$ (4.1)	(0.7%)
Investments	199.6	168.3	31.3	18.6
Accrued interest receivable	14.0	11.6	2.4	20.7
Fees receivable, net	15.3	13.3	2.0	15.0
Other receivables	0.2	4.2	(4.0)	(95.2)
Mortgage-backed securities, fair value	948.3	781.0	167.3	21.4
Mortgage loans, net	662.1	536.9	125.2	23.3
Prepaid fees and other	8.9	5.7	3.2	56.1
Total assets	2,455.7	2,132.4	323.3	15.2
Deferred outflows of resources	2.2	0.9	1.3	144.4
Total assets and deferred outflows of resources	$ 2,457.9	$ 2,133.3	$ 324.6	15.2%
Liabilities				
Accounts payable and other liabilities	$ 70.2	$ 53.0	$ 17.2	32.5%
Accrued interest payable	9.0	7.6	1.4	18.4
Unearned revenue and other	94.1	136.6	(42.5)	(31.1)
Derivative instrument - interest rate swap	(1.1)	(1.5)	0.4	(26.7)
Project equity held for borrower	214.0	147.3	66.7	45.3
Bonds and notes payable, net	1,000.0	848.6	151.4	17.8
Total liabilities	1,386.2	1,191.6	194.6	16.3
Deferred inflows of resources	7.6	6.1	1.5	24.6
Net position				
Restricted				
Bond operations	146.5	112.3	34.2	30.5
Net Pension Asset	1.3	1.9	(0.6)	(31.6)
Grants and donations to PRI	0.8	0.8	-	--
Net investment in capital assets	4.3	1.2	3.1	258.3
Unrestricted				
General operations	23.5	24.9	(1.4)	(5.6)
Housing Washington	0.2	0.1	0.1	100.0
Program-related investments	887.5	794.4	93.1	11.7
Total net position	1,064.1	935.6	128.5	13.7
Total liabilities, deferred inflows of resources, and net position	$ 2,457.9	$ 2,133.3	$ 324.6	15.2%

	2025 As Restated	2024	Change	
Revenues				
Bond programs mortgage interest	$ 41.3	$ 29.6	$ 11.7	39.5%
Bond programs investments and other income	19.8	23.0	(3.2)	(13.9)
Bond program gain (loss) on mortgage-backed securities	17.6	(4.0)	21.6	(540.0)
Other bond fees	-	(1.8)	1.8	(100.0)
Program fees and grants	187.5	128.2	59.3	46.3
General operating fund interest income	17.6	16.9	0.7	4.1
Total revenues	283.8	191.9	91.9	47.9%
Expenses				
Bond programs interest expense	42.3	36.4	5.9	16.2%
Other bond programs expenses	2.8	3.5	(0.7)	(20.0%)
Salaries and wages	12.8	11.5	1.3	11.3
Other general operating fund and program-related investments expenses	97.4	80.6	16.8	20.8
Total expenses	155.3	132.0	23.3	17.7%
Change in net position	$ 128.5	$ 59.9	$ 68.6	114.5%

During the fiscal year ended June 30, 2025, the Commission's total assets increased by $323.3 million largely attributable to an increase in investments, net MBSs, and net mortgage loans.

The Commission's $128.5 million increase in net position resulted from the net operating income, before contributions and distributions of PRI, GOF, and the bond fund.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Commission is a self-supporting public agency whose primary business activities include providing financing and capital access to support affordable homeownership, affordable rental housing, and community development throughout Washington State. Accordingly, its operations and financial performance are influenced by housing market conditions, changes in market interest rates, mortgage rate spreads, the availability of affordable housing within the State, and access to long-term tax-exempt financing.

Housing affordability remains a significant challenge throughout Washington State due to elevated home prices, mortgage interest rates, and housing-related costs. Although housing inventory has improved and market conditions have become more balanced in recent years, affordability constraints continue to affect homeownership opportunities and demand for affordable housing. Mortgage portfolio performance remains generally stable; however, ongoing affordability pressures continue to reduce financial flexibility for some households.

Current capital market conditions and higher borrowing costs may also influence the timing, volume, and structure of future bond issuances and financing activities. Management continues to monitor housing market conditions, portfolio performance, federal funding programs, and capital market activity for their potential effects on program demand, financing activities, and future operations.

ADDITIONAL INFORMATION

Please direct questions and inquiries to the Senior Director of Finance or the Senior Controller at Washington State Housing Finance Commission, 1000 2nd Avenue, Suite 2700, Seattle, Washington 98104, or by telephone at 206-464-7139.

	2026	2025 As Restated
Assets		
Cash and cash equivalents	$ 725,786,671	$ 607,270,504
Investments		
U.S. government and agencies securities	68,022,554	66,273,159
Investment agreements	134,579,483	133,349,259
	202,602,037	199,622,418
Accrued interest receivable	17,719,659	14,036,519
Fees receivable, net	18,264,142	15,302,159
Other receivables	2,736,449	167,173
Mortgage-backed securities, cost	1,075,045,360	986,328,406
cumulative unrealized gain (loss) on mortgage-backed securities	(26,964,624)	(38,074,681)
Mortgage-backed securities, fair value	1,048,080,736	948,253,725
Mortgage loans, net	755,778,247	662,144,564
Prepaid fees and other	12,105,855	8,921,720
Total assets	2,783,073,796	2,455,718,782
Deferred Outflows of Resources	2,173,238	2,165,674
Total assets and deferred outflows of resources	$ 2,785,247,034	$ 2,457,884,456

	2026	2025 As Restated
Liabilities, Deferred Inflows of Resources, and Net Position		
Accounts payable and other liabilities	$ 72,969,786	$ 70,147,430
Accrued interest payable	11,880,443	8,999,595
Unearned revenue	71,764,289	94,077,379
Derivative instrument - interest rate swap	(1,242,864)	(1,138,824)
Notes payable	293,451,932	214,028,579
Bonds Payable		
Tax-Exempt Bonds		
Due within one year	20,325,000	27,125,000
Due in more than one year	791,665,000	732,865,000
Taxable Bonds		
Due within one year	5,920,000	1,185,000
Due in more than one year	283,764,923	226,335,917
Unamortized bond discount	(60,897)	(65,242)
Unamortized bond premium	13,855,079	12,578,519
Total bonds payable	1,115,469,105	1,000,024,194
Total liabilities	1,564,292,691	1,386,138,353
Deferred Inflows of Resources	8,884,564	7,632,503
Net Position		
Restricted		
Bond operations	176,497,566	146,440,245
Net pension asset	1,607,249	1,340,892
Grants and donations to program-related investments	809,424	809,424
Net investment in capital assets	610,793	4,333,009
Unrestricted		
General operations	27,875,124	23,448,043
Housing Washington	213,503	198,153
Program-related investments	1,004,456,120	887,543,834
Total net position	1,212,069,779	1,064,113,600
Total liabilities, deferred inflows of resources, and net position	$ 2,785,247,034	$ 2,457,884,456

Washington State Housing Finance Commission

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2026 and 2025

	2026	2025 As Restated
Operating Revenues		
Interest earned on mortgage loans and mortgage-backed securities	$ 48,637,003	$ 41,315,470
Unrealized gain (loss) on mortgage-backed securities	11,110,057	17,615,789
Other fee income	86,511,510	65,984,462
Total operating revenues	146,258,570	124,915,721
Operating Expenses		
Servicing and commission fees	1,026,198	1,076,206
Salaries and wages	14,731,163	12,839,552
Communication and office expense	3,308,230	3,110,713
Professional fees	3,493,985	2,838,868
Other	93,630,787	31,114,129
Total operating expenses	116,190,363	50,979,468
Operating Income	30,068,207	73,936,253
Non-Capital Subsidies		
State provided grant revenue	137,230,842	61,080,650
Pass-through grant revenue	9,017,420	60,398,071
Pass-through grant expense	(9,017,420)	(60,398,071)
Total non-capital subsidies	137,230,842	61,080,650
Operating income and noncapital subsidies	167,299,049	135,016,903
Other Non-Operating Revenue and (Expense)		
Other interest and investment income	34,249,651	37,410,972
Interest on debt	(52,452,527)	(42,323,635)
Amortization of bond discount	(4,345)	(5,719)
Amortization of bond premium	884,949	989,332
Bond issuance costs	(1,860,115)	(2,409,983)
Trustee and paying agent fees	(160,483)	(144,559)
Total other non-operating revenue and (expense)	(19,342,870)	(6,483,592)
Change In Net Position	147,956,179	128,533,311
Net Position, Beginning of Year	1,064,113,600	935,580,289
Net Position, End of Year	$1,212,069,779	$ 1,064,113,600

	2026	2025 As Restated
Operating Activities		
Receipts for interest on mortgages	$ 48,132,942	$ 40,490,115
Receipts for other fee income	52,807,876	140,595,796
Receipts for loans and mortgage prepayments	264,256,930	104,018,818
Payments for acquisition of loans and mortgages	(400,909,974)	(447,648,118)
Payments (refunds) for bond program expenses	1,640,475	32,729,325
Pass-through grants received	9,017,420	60,398,071
Pass-through grants disbursed	(9,017,420)	(60,398,071)
Payments to employees and suppliers	(23,850,836)	(50,301,142)
Net Cash used for Operating Activities	(57,922,587)	(180,115,206)
Noncapital Financing Activities		
Proceeds from sale of bonds and notes	185,441,768	230,145,391
Proceeds from collateralized loans	361,613,274	287,356,185
Repayments of collateralized loans	(287,153,485)	(230,730,088)
Interest paid on debt	(50,127,877)	(41,323,729)
Debt repayments	(64,156,994)	(75,214,077)
Net Cash from Noncapital Financing Activities	145,616,686	170,233,682
Investing Activities		
Purchase of investments	(2,166,791,026)	(2,042,973,779)
Sale of investments	2,163,811,404	2,011,636,576
Interest received on investments	33,801,690	37,090,999
Net Cash from Investing Activities	30,822,068	5,753,796
Increase (Decrease) in Cash and Cash Equivalents	118,516,167	(4,127,728)
Cash and Cash Equivalents, Beginning Of Year	607,270,504	611,398,232
Cash and Cash Equivalents, End Of Year	$ 725,786,671	$ 607,270,504

	2026	Restated 2025
Reconciliation of Excess of Revenues Over Expenses to Net Cash used for Operating Activities		
Excess of revenues over expenses	$ 30,068,207	$ 73,936,253
Adjustments to reconcile excess of revenues over expenses to net cash used for operating activities		
Amortization of mortgage discount	(50,059)	(52,376)
Amortization of mortgage premium	17	17
Depreciation and amortization	613,580	472,797
Provision for loan losses	91,583,291	27,780,379
Payments for acquisition of loans and mortgages	(400,909,974)	104,018,818
Receipts for loans and mortgage prepayments	264,256,930	(447,648,118)
Unrealized (gain) loss on securities	(11,110,057)	(17,615,789)
Cash from changes in operating assets and liabilities:		
Interest and other receivables	(11,681,149)	31,194,729
Interest and other payables	(20,693,373)	47,798,084
Net Cash used for Operating Activities	$ (57,922,587)	$ (180,115,206)
Noncash Investing and Financing Activities		
Right of use asset obtained in exchange for lease liabilities	$ -	3,203,910

Note 1 - Principal Business Activity and Significant Accounting Policies

Organization

The Washington State Housing Finance Commission (the Commission, WSHFC, we, or our) was created in 1983 by the legislature of the State of Washington (the State) to "act as a financial conduit which, without using public funds or lending the credit of the state or local government, can issue nonrecourse revenue bonds and participate in federal, state, and local housing programs thereby making additional funds available at affordable rates to help provide housing throughout the state." The state legislature later authorized the Commission to issue bonds to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations, beginning farmers/ranchers, sustainable energy and energy efficiency retrofit programs. Our debt limit is fourteen billion dollars.

The Commission has eleven voting members. Two commissioners, the state treasurer and the director of the Department of Commerce, serve ex officio. The chair of the Commission is appointed by and serves at the pleasure of the governor. The governor appoints the remaining eight members to four-year terms, subject to confirmation by the Washington State Senate.

The Commission is legally separate from the State and does not impose a financial burden on, nor accrue any financial benefit to, the State. Legal restrictions on the Washington State legislature's ability to impose its will on the Commission and the inability of the governor to remove the majority of the voting members of the Commission prevent the State from being considered to be financially accountable for the Commission. However, in the State's Annual Comprehensive Financial Report (ACFR), the Commission is presented as a discrete component unit of the State.

Program Funds

The Commission summarizes its financial activities in the General Operating Fund, Program-Related Investments, and Bond Fund.

General Operating Fund – The General Operating Fund accounts for the fiscal activities related to the administration of our ongoing program responsibilities. Revenues are derived primarily from fees earned on bond issues, homeownership daily pricing program, housing tax credit allocations, and compliance monitoring, as well as interest income on General Operating Fund and Program-Related Investments. Except for certain pass-through grants and loans, all funds we receive are generated by our activities and are not direct appropriations from the State.

The Commission adopted a General Operating Fund Reserve Policy ("Reserve Policy") in 1989. General reserves provide income to fund current operations, help to ensure a sufficient, long-term revenue stream so we can remain independent of State funds and safeguard our ability to meet future legal and program obligations. Earnings above the reserve requirements are generally transferred to Program-Related Investments at the direction of the Commissioners, except for a portion of earnings on the homeownership daily pricing program which are transferred to the Single-Family Indenture.

Effective June 30, 2019, our Reserve Policy requires that we maintain general reserves of $30 million based upon capital adequacy analyses, net of the impact of any deferred pension liability as required by Governmental Accounting Standards Board (GASB) No. 68 and, effective July 1, 2017, any deferred other postemployment benefit (OPEB) liability as required by GASB No. 75. Therefore, the reserves reflect $30.3 million and $29.3 million, respectively, for the years ending June 30, 2026 and 2025.

Program-Related Investments – The Reserve Policy dedicates the use of reserves above those needed in the General Operating Fund for Program-Related Investments (the PRI). We strategically invest the PRI in programs that support our activities such as the financing and production of low-income and special needs housing and facilities that provide community services. Investments also include resources provided by other funders for use in established down payment assistance and other programs in which our missions align. Revenues include interest on these investments and down payment assistance fees associated with the homeownership daily pricing program.

Bond Fund – A Trust, Funding Agreement, or Financing Agreement dictates the terms of each bond transaction. We record these activities in the Bond Fund and further separate them by program type as follows:

Single-Family Homeownership Program – Transactions in this program are from the sale of Single-family Homeownership Program mortgage revenue bonds, the purchase of mortgage-backed securities (MBSs) of our pooled loans and the related debt service transactions on the bonds. There are three program indentures, each of which contains multiple series indentures: the General (Single-family) Indenture; the Homeownership Bond Program (NIBP) Indenture; and the Special Single Family Program Indenture. Each indenture is a special obligation of the Commission, payable solely from the bond funds established pursuant to the indenture. Debt service comes from payments received on the MBS pools and from any other money held in the trust estate by the bond trustee. Assets of the indentures are pledged as collateral for the debt and are $1,159.5 million and $1,023.5 million as of June 30, 2026 and 2025, respectively. We loan proceeds of this program to first-time homebuyers whose income does not exceed established limits. Mortgage rates for these programs range from 2.00% to 9.25%.

The supplemental schedules of program net position, results of program revenues, expenses, and changes in program net position, and program cash flows combines the results of the General (Single-family) and the Special Single-Family Program.

Conduit Financing Programs – all other bonds that we issue, are conduit debt, i.e., limited-obligation bonds issued for the express purpose of providing financing for a specific third party that is not a part of the financial reporting entity. Bonds are issued for Multifamily Housing, Beginning Farmers/Ranchers, Energy Efficiency and Nonprofit Housing and Facilities. Financing proceeds for the Conduit Financing Programs are used to purchase qualified mortgages or MBSs from mortgage lenders. The issuer of the MBSs, the mortgagor, the letter of credit provider or the lender will pay the bond trustee principal and interest in amounts calculated to meet periodic debt service payments on the bonds.

Conduit debt securities bear the name of the Commission. However, we have no obligation for payment of such debt beyond the resources provided by the loan with the third-party beneficiary.

Underwriters sell bonds in the capital market, or we privately place them with a sophisticated investor such as a financial institution. However, as of fiscal years ending June 30, 2026 and 2025, all bonds under these programs meet the accounting standard definition of conduit bonds and, as such, are not included in our financial statements. Additional information regarding the conduit bonds is included in Note 8.

Note 2 - Summary of Significant Accounting Policies

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. We have applied all applicable GASB pronouncements. The remainder of this note describes our more significant accounting policies.

Measurement Focus and Basis of Accounting

We use the flow of economic resources measurement as the focus of our accounting of transactions. With this measurement focus, the statement of net position reflects all assets, deferred inflows and outflows of resources and all liabilities associated with our operations. The statement of revenues, expenses, and changes in net position for all funds present increases (e.g., revenues) and decreases (e.g., expenses) in our net total position. We use the accrual basis of accounting, recording revenue when earned and expenses when we incur the liability.

Unclassified Statement of Net Position

Our business cycle is greater than one year. As such, all assets and liabilities on the statements of net position are shown as unclassified.

Cash and Cash Equivalents

The Commission considers all highly liquid, interest-bearing instruments purchased with an original maturity of three months or less to be cash and cash equivalents. While the cash deposits in the Multifamily Recycling program are held exclusively in the Local Government Investment Pool, other cash deposits held in the Bond Fund are held in the corporate trust departments of commercial banks in the bond issue's name. As of June 30, 2026 and 2025, they held $234.2 million and $205.2 million, respectively, in uncollateralized or uninsured cash equivalents in the bond fund, primarily in government money market funds.

Investments

We categorize investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy uses valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments are reported at fair value, unless they meet an exception as outlined under accounting standards generally accepted in the United States of America.

Changes in the fair value of investments and mortgage-backed securities are recognized in the Statement of Revenues, Expenses, and Changes in Net Position in the period in which the changes occur. Interest income and realized and unrealized gains and losses are classified in accordance with the Commission's operating and non-operating revenue policy.

An asset management company manages some of our investments in the General Operating and Program-Related Investment Funds. Our investments include marketable securities issued or guaranteed by the U.S. government. We determine and record fair value based on quoted market prices as of June 30, 2026 and 2025.

Investments in the Bond Fund at June 30, 2026 and 2025, were short-term repurchase agreements. For additional information regarding investments, see Note 3.

Mortgage-Backed Securities

Mortgage-backed securities are presented at their fair value based on quoted market prices as of June 30, 2026 and 2025.

Mortgage Loans

Mortgage loans are stated at their unpaid principal balance.

Provision for Loan Losses

The provision for loan losses is estimated for each fund.

General Operating Fund – Most fees in the General Operating Fund are billed and collected in advance, so no provision for loss is deemed to be necessary.

Program-Related Investments – We estimate losses on our loans in Program-Related Investments based on its past loan loss experience, known and inherent risks in the portfolio and current economic conditions. The allowance for loan losses is increased by charges to expense and decreased by charge-offs (net of recoveries). The loan loss reserve was $25,410,428 and $17,003,644 as of June 30, 2026 and 2025, respectively. No provision for loss is made on loan balances funded by partner investments because the Commission does not guarantee return of those investments. Additionally, the Commission began issuing forgivable loans in the year ended June 30, 2025, funded with grant proceeds and as such, has an allowance for forgivable loans of $110,956,887.

Bond Fund – We purchase MBSs with the proceeds of non-recourse revenue bonds payable solely from the assets specifically pledged under the trust indenture for the bonds. No assets of the Commission, other than those assets held under such trust indentures, are pledged to the payment of the bonds. We do not reserve for loan loss provisions because the assets held by all the outstanding Single-family Homeownership Program indentures are MBSs guaranteed by Fannie Mae, Ginnie Mae, or Freddie Mac.

Other Assets

Furniture, fixtures, equipment and leasehold improvements are accounted for in the General Operating Fund and are stated at cost, less accumulated depreciation and amortization. Our policy is to capitalize assets with a cost of $5,000 or more. Depreciation and amortization are charged to current operations on the straight-line method over the estimated useful lives of the assets, generally between three and ten years. See Note 6 for additional information concerning furniture, fixtures and equipment.

Unearned Revenue

Unearned revenue represents the unearned portion of the Commission's bond fees, tax credit reservation fees, grant proceeds, and compliance monitoring fees that are received in advance. We record these fees when earned as other fee income on the statements of revenues, expenses, and changes in net position.

Deferred Outflow and Inflow of Resources

Deferred outflows of resources represent consumption of resources that are applicable to future reporting periods and deferred inflows of resources represent acquisition of resources that are applicable to future reporting periods. Deferred outflow of resources represents the year-end estimated fair value of the Commission's derivative instruments as of June 30 and the value of pension and OPEB contributions made during the fiscal year, which is after the asset and liability measurement date. The difference between actuarial projected and actual earnings on pension plan assets are represented as deferred outflows (inflows) of resources. For additional information regarding the derivative, see Note 8 and regarding pension asset, liability, OPEB and the related deferred outflows and inflows of resources, see Note 10.

Pensions

For purposes of measuring the net pension asset and liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, and information about the fiduciary net position of the Public Employees' Retirement System (PERS) of the State of Washington and additions to or deductions from PERS's fiduciary net position have been determined on the same basis as PERS reports them.

Other Postemployment Benefits

For purposes of measuring the OPEB Liability, deferred outflows of resources and deferred inflows of resources, and expense related to OPEB, and information about any changes in the liability have been determined on the same basis as reported by the Office of Financial Management (OFM) of the State of Washington.

Conduit Bonds

Conduit bonds are defined as debt instruments where:

1. The Commission, as the issuer, is joined by an unrelated third-party obligor, and a debt holder or trustee.
2. The debt obligation is neither a parity bond of the Commission nor is it cross collateralized with other debt of the Commission.
3. Debt proceeds are intended for and received by a party other than the Commission or the third-party obligor; and
4. The Commission is not primarily obligated for the debt service payments.

Prior to bond issuance the Commission determines if the bond meets this definition. Bonds issued that meet the definition of a conduit bond are reportable in note disclosure (see Note 8).

The assets, liabilities and related activities of all other bonds are included in our financial statements.

Bonds Payable

Current interest serial and term bonds are stated at their principal amounts outstanding, net of unamortized bond premium and discount, if any. Certain bonds are variable rate bonds remarketed on a periodic basis and are subject to market rate fluctuation.

Unamortized Bond Premium and Unamortized Bond Discount

Unamortized bond premium and unamortized bond discounts are amortized using the bonds outstanding method.

Bond Issuance Costs

Bond issuance costs, including underwriter's fees, are expensed at issuance.

Compensated Absences

Employees classified as exempt work period employees may earn exchange time for actual time worked beyond their work schedule, up to a maximum of 174 hours. Upon separation or transfer to another agency, the employee may use accumulated, authorized compensatory time to postpone their cessation of employment. In consideration of these factors, the Commission accrues all costs associated with compensated absences and 25% of sick leave, including an accrual for payroll taxes.

Net Position

We classify net position into three components:

Restricted net position has constraints placed on use by external parties such as creditors, grants, laws or regulations.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization and any related liabilities.

Unrestricted net position consists of the remaining assets and liabilities.

When both restricted and unrestricted resources are available in a fund, it is the Commission's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Revenue Recognition

We recognize revenue on an accrual basis. The primary source of our revenue is fee income generated on our program activities. We earn fees on bond issues, compliance monitoring, and the sale of MBSs originated in the Home Advantage Program. We record these as fee income on the statement of revenues, expenses and changes in net position and allocate them to the Bond Fund, General Operating Fund, and Program-Related Investments. Fee income by category for the years ended June 30:

	2026	2025
Commission fees	$ 18,710,312	$ 21,214,429
HomeOwnership Program fees	49,820,758	31,988,472
Other program fees	12,454,627	8,204,562
Other income	142,756,654	65,657,649
	$ 223,742,351	$ 127,065,112

In addition, we earn interest on mortgage loans outstanding, MBSs and other investments. When grant funds are received in advance, grant funds are recognized as unearned revenue until eligible expenses are incurred. Grant revenue and related expenses are recognized when eligible expenses are incurred. Certain grants are funded on a reimbursement basis. For these grants, a corresponding receivable is recorded when grant revenues and related eligible expenses are incurred.

State provided grant funds associated with loan programs are reported as unearned revenue upon receipt of funds and are recognized as revenue when the related loans are funded.

Income Taxes

The Commission, as an instrumentality of the state of Washington, is exempt from federal and state income taxes. Accordingly, no provision for income taxes is necessary.

Arbitrage Rebate

We utilize an independent valuation specialist to calculate arbitrage earnings. We accrue any liability and make required payments to the United States Department of the Treasury.

Use of Estimates

The preparation of the statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. We use estimates in determining the allowance for doubtful accounts, valuation of certain investments, valuation of interest rate swap, arbitrage rebate liability, loan loss provisions, accrued sick leave and other contingencies. Actual results may differ from those estimates.

Risks and Uncertainties

We are authorized to invest in securities and loans that are exposed to interest rate, market, credit and/or other risks. It is possible that changes in the values of these assets will occur in the near term, and those changes could subsequently affect the amounts reported in the statements of net position.

New Accounting Principles

As of July 1, 2025, the Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the clarity and consistency of financial reporting requirements related to the following areas: 1) Management's discussion and analysis 2) Proprietary fund reporting 3) Unusual or infrequent items and 4) Budgetary comparison schedules. GASB 103 is required to be reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. As a result of implementing GASB Statement No. 103, Interest on cash and investments, Interest expense, and Bond financing costs reported in the Commission's proprietary funds are presented as other nonoperating revenues and expenses. Additionally, Federal/State passthrough revenues and Federal/State pass-through expenses reported in the Commission's financial statements are presented as Noncapital subsidies. Comparative information has been reclassified, where applicable, to conform to the current-year presentation. The implementation of GASB Statement No. 103 had no effect on beginning net position, change in net position, or ending net position.

As of July 1, 2025, the Commission adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets.* The implementation of this standard establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures and establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. There was not a significant effect on the Commission's financial statements as a result of the implementation of this standard.

GASB has issued the following standards effective for fiscal year ending June 30, 2027 or later:

Statement No. 105 *Subsequent Events* is effective for the Commission's fiscal year ending June 30, 2027. The Statement clarifies the period during which subsequent events are evaluated, the distinction between recognized and non-recognized events, and related disclosures, including disclosure of the date through which subsequent events were evaluated. The Commission is evaluating the effect of implementation.

Note 3 - Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

External entities hold our deposits, exposing them to custodial credit risk, meaning that if an institution fails, we might lose the funds. We minimize this risk by limiting deposits to those entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). As of June 30, 2026 and 2025, cash deposits held by the General Operating Fund met these requirements. As of June 30, 2026 and 2025, $234.2 million and $205.2 million, respectively, in uncollateralized or uninsured cash equivalents were held in the bond fund, primarily in government money market funds.

We hold most of our deposits in money market funds or in the Local Government Investment Pool operated by the State Treasurer pursuant to RCW 43.250 in which we are a voluntary participant. We report amortized cost on these funds. Restricted money market funds are held in the bond fund and are limited to the uses outlined in their respective indentures and agreements, primarily the acquisition of mortgages and repayment of principal and interest on bonds outstanding.

Cash and cash equivalents by institution at June 30:

	2026		2025	
JP Morgan Chase	$ 11,349,914	4.42%	$ 1,893,000	0.72%
Local Government Investment Pool	244,607,105	95.29%	258,817,193	98.97%
All others	742,983	0.29%	788,403	0.30%
	$ 256,700,002	100%	$ 261,498,596	100%
Restricted Money Market Funds	$ 469,086,669		$ 345,771,908	
Total Cash and Cash Equivalents	$ 725,786,671		$ 607,270,504	

Investments

While RCW 43.180.080(5) grants us the authority to invest our funds, it provides no investment guidelines or restrictions. The State law limits the type and character of investment of "public funds." Considering our authorizing legislation, Washington State court decisions, and the sources of our dedicated funds, we find that the investment limitations on public funds do not apply to us. However, as a matter of policy, we currently invest our dedicated funds in a manner generally consistent with the investment limitations on public funds. To minimize our exposure to credit risk, we have adopted an investment policy that limits investments, summarized as follows.

The Commission may invest in non-governmental investments, including certificates of deposit, banker's acceptances, and repurchase agreements. In addition, the following governmental investments are eligible:

1. Treasury bills, notes, and other obligations issued by the United States Department of the Treasury and backed by the full faith and credit of the U.S. government.

2. Federal Home Loan Bank notes and bonds.

3. Federal Land Bank bonds.

4. Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation.

5. The obligations of certain government-sponsored entities whose obligations are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.

6. Shares of mutual funds with portfolios consisting of only U.S. government bonds or U.S. government guaranteed bonds issued by federal agencies with average maturities of less than four years.

Investments are managed to this policy through an agreement with Nuveen Asset Management.

Custodial credit risk is the risk that we could not recover the value of our investments or collateral security if a depository institution or counterparty fails. We manage this risk by prequalifying institutions that we use to place investments. As of June 30, 2026 and 2025, investment securities were registered and held in our custodian agent's name.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. We manage this risk by limiting investments to those permitted in our investment policies, diversifying the investment portfolio, and prequalifying the institutions where we place the investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of our investment in a single issuer. Our policy limits the investment in any single institution (except for United States Government Securities) to no more than 20% of the portfolio.

June 30, 2026		Fair Value Measurements Using Quoted Prices in		
Classification/Provider	Total Investment	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government and Agency Obligations				
U.S. Treasury Notes	$ 44,730,414	$ 44,730,414	$ -	$ -
U.S. Agencies	19,496,205	-	19,496,205	-
Other Municipal Agencies	3,795,935	-	3,795,935	-
Total General and PRI Fund Investments	$ 68,022,554	$ 44,730,414	$ 23,292,140	$ -

June 30, 2025		Fair Value Measurements Using Quoted Prices in		
Classification/Provider	Total Investment	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government and Agency Obligations				
U.S. Treasury Notes	$ 35,978,011	$ 35,978,011	$ -	$ -
U.S. Agencies	27,006,586	-	27,006,586	-
Other Municipal Agencies	3,288,562	-	3,288,562	-
Total General and PRI Fund Investments	$ 66,273,159	$ 35,978,011	$ 30,295,148	$ -

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Examining the maturities of our investment securities, listed in the following table, can reveal information about interest rate risk.

June 30, 2026

Type	Total	Maturities (In Years) Less than 1	1-5	>5
U.S. Treasury Notes	$ 44,730,414	$ -	$ 44,730,414	$ -
U.S. Agencies	19,496,205	5,527,216	9,829,162	4,139,827
Other government securities	3,795,935	2,613,152	1,182,783	-
Total General and PRI Fund Investments	$ 68,022,554	$ 8,140,368	$ 55,742,359	$ 4,139,827

June 30, 2025

Type	Total	Maturities (In Years) Less than 1	1-5	>5
U.S. Treasury Notes	$ 35,978,011	$ 100	$ 35,977,911	$ -
U.S. Agencies	27,006,586	4,638,555	19,519,081	2,848,950
Other government securities	3,288,562	-	3,288,562	-
Total General and PRI Fund Investments	$ 66,273,159	$ 4,638,655	$ 58,785,554	$ 2,848,950

Investment Securities – Bond Funds

Single-Family Homeownership Program – The Single-family program indentures require that investments be made with proper regard for the preservation of principal and with maturities that provide sufficient liquidity to meet obligations. During the fiscal years ending June 30, 2026 and 2025, investments held in the Single-family program indentures included non-purpose MBSs and short-term repurchase agreements.

U.S. agencies – During the year, the Commission invests available Single-Family bond fund reserves by purchasing MBSs originated through its Single-Family Homeownership programs in advance of issuing bonds. These investments are recorded at fair market value, however no Non-Purpose MBSs were held at June 30, 2026 and 2025.

Short-term repurchase agreements – In December 2017, the Commission entered into a Mortgage Loan purchase and sale agreement (ML Liquidity Repurchase Agreement) with our Master Servicer, Idaho Housing & Finance Association (IHFA), to provide funds to the Master Servicer to purchase approved mortgage loans originated under our Home Advantage program. The purpose of this agreement is to promote the continued success of the program by assuring timely purchase of qualified mortgage loans. We intend to hold such loans less than 90 days. All repurchase agreements are considered Level 3 as they are not actively traded and there is no readily available fair valuation.

Single Family Bond Program Investments as of June 30, 2026		Fair Value Measurements Using		
Classification/Provider	Total Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase Agreements				
Idaho Housing Finance Agency	$ 134,579,483	$ -	$ -	$ 134,579,483
Total Single Family Bond Program Investments	$ 134,579,483	$ -	$ -	$ 134,579,483

Single Family Bond Program Investments as of June 30, 2025		Fair Value Measurements Using		
Classification/Provider	Total Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase Agreements				
Idaho Housing Finance Agency	$ 133,349,259	$ -	$ -	$ 133,349,259
Total Single Family Bond Program Investments	$ 133,349,259	$ -	$ -	$ 133,349,259

Multifamily Housing Program

Cash and Cash equivalents of $234.9 million and $140.6 million held at June 30, 2026 and 2025, respectively, consist of funds representing collateral for a line of credit supporting our Multifamily Recycling program. This collateral is directed by the line of credit agreement to be held in an account within the Local Government Investment Pool operated by the State Treasurer pursuant to RCW 43.250.

Note 4 - Mortgage-Backed Securities

The Commission uses proceeds of its Single-Family Homeownership Program bonds to purchase mortgage-backed securities guaranteed by Ginnie Mae, Fannie Mae, or Freddie Mac. Ginnie Mae securities carry the full faith and credit guarantee of the United States government. Fannie Mae and Freddie Mac securities are guaranteed by the respective government-sponsored enterprise but do not carry an explicit full faith and credit guarantee of the United States government.

For the fiscal year ended June 30, 2026, the net increase in fair market value from that of the prior year-end based upon quoted market prices was $11,110,057 and for the fiscal year ended June 30, 2025, the net increase in fair market value from that of the prior year-end based upon quoted market prices was $17,615,789. The following table shows the sources of the gains and (losses) on MBSs on the statements of revenue, expenses, and changes in net position for 2026 and 2025 by program.

	2026			2025 Restated		
	Single Family Program Bonds	Homeownership Program Bonds	Total	Single Family Program Bonds	Homeownership Program Bonds	Total
MBS, at fair value	$ 11,049,808	$ 60,249	$ 11,110,057	$ 17,432,057	$ 183,732	$ 17,615,789

Cumulative unrealized losses at June 30, 2026 and 2025, were $(26,964,624) and $(38,074,681), respectively, and are included in the balance of MBSs on the statement of net position.

Note 5 - Mortgage Loans

A summary of mortgage loans outstanding and due to the Commission is shown below:

	2026	2025 As Restated
Down Payment Assistance and Other Loans Supporting Homeownership	$ 605,426,699	$ 449,499,316
Multifamily Loans	222,435,444	205,469,057
Other Mortgage Loans Receivable	174,283,421	161,960,215
	1,002,145,564	816,928,588
Less:		
Allowance for Losses	(25,410,430)	(17,003,645)
Allowance for Forgivable Loans	(110,956,887)	(27,780,379)
Interfund Loan	(110,000,000)	(110,000,000)
Net Mortgage Loans	$ 755,778,247	$ 662,144,564

Other mortgage loans receivable includes amounts due to the Commission for boutique loan programs including programs to preserve farmland in the state, further energy efficiency development, and the preservation of manufactured housing communities. Additionally, during the fiscal year ended June 30, 2025, the Commission began issuing forgivable downpayment assistance loans through the Covenant Homeownership Program (authorized by HB 1474 and amended by HB 1696) and forgivable energy loans through the Department of Commerce's Home Electrification and Appliance Rebates (HEAR) program. The mortgage receivable for these loans is offset by an allowance for forgivable loans and will be removed from the balance sheet when the terms for forgiveness are achieved.

Note 6 - Capital Assets

Capital Assets as shown below at June 30, 2026 and 2025, are included in prepaid fees and other on the statements of net position.

June 30, 2026	Useful Life	July 1, 2025	Increase	June 30, 2026
Furniture, fixtures and equipment	3 to 10 years	$ 3,123,355	$ 256,651	$ 3,380,006
Leasehold improvements	4 to 5 years	176,058	-	176,058
Right-to-use leased assets		3,203,910	(287,992)	2,915,918
Total assets		6,503,323	(31,341)	6,471,982
Less accumulated depreciation		(2,762,728)	(182,543)	(2,945,271)
Less: right-to-use leased assets amortization		(287,992)	(431,987)	(719,979)
Net book value		$ 3,452,603	$ (645,871)	$ 2,806,732

June 30, 2025	Useful Life	July 1, 2024	Increase	June 30, 2025
Furniture, fixtures and equipment	3 to 10 years	$ 2,808,958	$ 314,397	$ 3,123,355
Leasehold improvements	4 to 5 years	176,058	-	176,058
Right-to-use leased assets		2,124,738	1,079,172	3,203,910
Total assets		5,109,754	1,393,569	6,503,323
Less accumulated depreciation		(2,577,923)	(184,805)	(2,762,728)
Less: right-to-use leased assets amortization		(2,124,738)	1,836,746	(287,992)
Net book value		$ 407,093	$ 3,045,510	$ 3,452,603

Note 7 - Leases

The Commission entered into a new long-term office lease during the fiscal year ended June 30, 2025. The lease expires on March 31, 2032. As of June 30, 2026 and 2025, the Commission recognized a total Lease Liability of $2,649,229 and $2,988,532, and a Right-of-Use Asset of $2,915,918 and $3,203,910, respectively. Accumulated amortization of the lease assets totaled $719,979 and $287,992 at June 30, 2026 and 2025, respectively. During Fiscal Year 2026 and 2025, the Commission recorded $431,987 and $184,805 in amortization expense. The Commission, as a Lessee, records the Right-of-Use Asset and Lease Liability at present value of future lease payments, discounted by the Commission's incremental borrowing rate of Prime, less 85 basis points at the time the lease contract was executed.

Remaining obligations associated with these leases are as follows:

June 30,	Principal	Interest
2027	$ 364,374	$ 178,064
2028	391,297	151,140
2029	420,210	122,227
2030	502,666	89,084
2031	539,808	51,942
2032	430,874	12,938
Total	$ 2,649,229	$ 605,395

Note 8 - Bonds and Notes Payable

Single-family mortgage revenue bonds issued by the Commission are limited obligations payable solely from and secured by a pledge of the MBSs (including any insurance payments made with respect thereto), restricted investments, undisbursed bond proceeds and the earnings thereon held under the indenture or financing agreement authorizing the bonds.

Default on our single-family mortgage revenue bonds, including failure to provide punctual payment of the principal amount or any interest installment due, could result in the principal and accrued interest of the outstanding bonds becoming due in full, providing the Trustee receives written consent of at least 25% of the bond owners prior to so declaring.

As of June 30, 2026 and 2025, we had outstanding bonds of $1,101.7 million and $987.5 million, respectively bearing interest varying in rates as listed below:

	June 30, 2026		June 30, 2025	
	Low	High	Low	High
Single-family Program	0.75%	6.50%	0.55%	6.50%
Homeownership Program	2.45%	3.15%	2.45%	3.15%

In addition to the Single-family mortgage revenue bonds the Commission has issued bonds that meet the definition of conduit debt obligations. The proceeds are used by private sector borrowers for the acquisition, construction and rehabilitation of affordable multifamily housing and nonprofit facilities. We have not extended any additional commitments for the debt service payments of the bonds beyond the collateral and the payments on the underlying mortgage or promissory notes and maintenance of the tax-exempt status of the conduit debt obligations. As of June 30, 2026 and 2025, the conduit bonds have an aggregate outstanding principal amount payable of $10.8 billion and $8.6 billion, respectively, none of which was recognized as a liability by the Commission.

Beginning in fiscal year ended June 30, 2021, the Commission began issuing Municipal Certificates ("the Certificates") into Fixed Income Trusts to replace a single note-holding beneficiary of several of the Commission's multifamily bond transactions (the Bond Transactions) with multiple investors (the Certificate holders). The Bond Transactions did not change, and borrowers remain obligated to make all payments under such notes. All assets in each of the Bond Transaction's trust estate are pledged to and pass through to the Certificate holders as the full and complete payment of their investment. The Bond Transactions are included in the Commission's conduit debt outstanding, however, to prevent duplication, the Certificates are not again included in the Commission's conduit debt outstanding.

Series	Issue Date	Issue Amount
2021-1 Series A and Series X	May 20, 2021	$ 571,961,262
2023-1 Series A and Series X	September 27, 2023	328,165,385
2024-1 Series A	September 30, 2024	316,403,066
2025-1 Series A and Series B	August 29, 2025	262,231,022

Derivative Instruments – Interest Rate Swaps

Single-Family Homeownership Program – The Commission has entered into interest rate swap agreements ("swaps") in connection with issuing variable rate mortgage revenue bonds. The swaps are intended to create debt with synthetic interest rates lower than would have been attainable from long-term fixed rate bonds to achieve our goal of lending to low- and moderate-income first-time homebuyers at below market, fixed interest rates. The swaps are hedging derivative instruments. Additional information, including the fair market value of each swap, is listed below.

Using rates as of June 30, 2026, debt service requirements of the outstanding variable rate debt and associated net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates change, variable rate bond interest payments and net swap payments will vary.

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2027	$ 22,500,000	$ 607,500	$ 24,127	$ 22,848,716
2028	22,500,000	607,500	24,127	22,848,716
2029	22,500,000	607,500	24,127	22,848,716
2030	22,500,000	607,500	24,127	22,848,716
2031 - 2048	22,500,000	11,795,625	468,461	29,270,907

The terms and counterparty credit ratings of the outstanding swaps as of June 30, 2026 and 2025 are shown below. The notional amounts of the swaps match principal amounts of the associated debt as of June 30, 2026 and 2025. The notional amounts are expected to approximately follow scheduled or anticipated reductions in the principal amounts of the associated debt.

June 30, 2026

Associated Bond Series	Current Notional Amount	Current Principal Amount	Effective Date	Fixed Rate Paid	Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2018 1N-MM	$ 22,500,000	$ 22,500,000	November 28, 2018	2.730%	70.0% of SOFR + 8.014 bp (FB)	$ 1,242,864	December 1, 2048	Aa1
	$ 22,500,000	$ 22,500,000				$ 1,242,864		

June 30, 2025

Associated Bond Series	Current Notional Amount	Current Principal Amount	Effective Date	Fixed Rate Paid	Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2018 1N-MM	$ 22,500,000	$ 22,500,000	November 28, 2018	2.730%	70.0% of SOFR	$ 1,138,824	December 1, 2048	Aa1
	$ 22,500,000	$ 22,500,000				$ 1,138,824		

Our swap advisor estimated the fair values presented in the preceding table. They approximate the termination payments that would have been due had we terminated them as of June 30, 2026. A positive fair value represents the estimated amount receivable by the Commission had we terminated the swaps. The interest rate swaps do not have an observable market; therefore, the fair value classification is a Level 3 input. The fair value of the swap is $1,242,864 and $1,138,824 at June 30, 2026 and 2025, as shown on the Statement of Net Position.

The Commission has determined that its interest rate swap is an effective hedge against changes in variable interest rates. As such, changes in the fair value for our hedge swap is reported as a deferred inflow of $104,040 as of June 30, 2026 and a deferred outflow of $342,131 as of June 30, 2025.

The International Swap Dealers Association Master Agreement is the model for our swap agreements. They include standard termination events by either party if the other party fails to perform under the terms of the contract. Upon termination, a payment is due to one party irrespective of causality based upon the market value of the swap. We have termination risk if we become liable for termination payments to the counterparty or if we cannot find a replacement to the swaps under favorable financial terms. Our swap contracts reduce this risk by limiting the counterparty's ability to terminate due to the following Commission actions or events: payment defaults, other defaults that remain uncured for 30 days after notice, bankruptcy, and insolvency.

The terms of the swaps expose us to credit risk with the counterparties on a termination event. The swap agreements contain collateral requirements based upon counterparty credit ratings and the fair value of the swaps. These bi-lateral requirements are established to mitigate potential credit risk exposure. There are no collateral requirements as of June 30, 2026 and 2025.

The Commission may incur amortization risk because we may receive prepayments from the mortgage loans portfolio that cannot be used to call other bonds of the same Series or to cross-call into other Series. The flexibility of our operating policy and other series of bonds, as well as the use of Planned Amortization Class (PAC) Bonds for restricted principal payments, minimizes this risk. Additionally, we may terminate the swaps at market value at any time.

The Commission bears basis risk, the risk that the variable interest payments on our bonds will not equal the variable interest receipts from our swaps. Basis risk exists because we pay a variable rate on its bonds based on a weekly remarketing rate or indexed rate provided by the calculation agent, while we receive a variable rate based upon 70% of the monthly SOFR rate, as shown in the preceding table. Basis risk will vary over time due to inter-market conditions. As of June 30, 2026, the interest rate on our variable rate debt with swaps is 2.73% (2018 1N-MM) per annum while the variable interest rate on the corresponding swaps was 2.62% per annum (70.0% of SOFR at June 30, 2026). We considered the risk when structuring the related bonds and determined it was within acceptable tolerance levels.

A change in the tax code could fundamentally alter the long-term historical relationship between taxable and tax-exempt short-term interest rates, changing the Commission’s receipts under its swap contracts. We determined that it was not economically feasible to transfer this tax risk to the swap counterparties.

Bond Refunding

The Commission refunds bonds on a current basis. Current refundings result from redemption of the prior bonds within 90 days of the issuance of the new, refunding bonds. During the fiscal year ended June 30, 2026, we refunded two series of bonds increasing debt service by $4.04 million and resulting in an economic loss of $0.916 million as shown in the following table:

		REFUNDING ISSUE							
Fiscal Year	Date of Issue	Bond Series	Amount	Premium (discount) and Other	Effective Rate	Bond Series	Amount	Reduction (increase) in Debt Service	Economic Gain (Loss)
2026	11/20/2025	Single Family Series 2025 2N & 2T	$ 15,725,000	$ -	4.487%	Series 2016 1A-R 1N VR-1N	$ 617,608	$ (3,208,638)	$ (737,952)
						Series 2016 2A-R 2N	345,220		
						Series 2017 1A-R 1N	943,578		
						Series 2017 2A-R/2N	517,458		
						Series 2017 3N/3N-R/3A-R	783,105		
						Series 2018 1N/1N-MM	1,296,812		
						Series 2019 1N	1,314,013		
						Series 2019 2A/2N	540,298		
						Series 2020 1A/1N	516,498		
						Series 2020 2N	769,897		
						Series 2021 1N	2,170,496		
						Series 2021 2A/2N	2,991,196		
						Series 2022 1A/1N	2,529,065		
						Series 2024 2A/2N/2T	389,756		
2026	5/27/2026	Single Family Series 2026 1N & 1T	$ 15,252,000	$ 3,470,612	4.289%	Series 2016 1A-R 1N VR-1N	$ 1,008,382	$ (830,471)	$ (178,213)
						Series 2016 2A-R 2N	1,161,097		
						Series 2017 1A-R 1N	22,675		
						Series 2017 2A-R/2N	771,838		
						Series 2017 3N/3N-R/3A-R	781,687		
						Series 2018 1N/1N-MM	1,515,000		
						Series 2019 1N	2,140,000		
						Series 2019 2A/2N	700,000		
						Series 2020 1A/1N	755,000		
						Series 2020 2N	1,243,987		
						Series 2021 1N	2,220,309		
						Series 2021 2A/2N	2,759,675		
						Series 2022 1A/1N	2,731,267		
						Series 2024 2A/2N/2T	775,000		
						Series 2025 2N/2T	136,696		

Future Principal and Interest Payments and Bonds Outstanding

Bonds mature in varying amounts through 2056 based on their scheduled terms. However, some may be refinanced or redeemed early. As of June 30, 2026, future principal and interest requirements are as follows:

				Direct Placements		All Other Bonds	
Fiscal Years June 30,	Total Principal Redemptions	Total Interest Payments	Total Debt Service	Total	Total Interest Payments	Total Principal Redemptions	Total Interest Payments
2027	$ 26,245,000	$ 48,509,805	$ 74,754,805	$ -	$ 63,660	$ 26,245,000	$ 48,446,145
2028	26,440,000	47,598,837	74,038,837	-	63,660	26,440,000	47,535,177
2029	29,115,000	46,673,848	75,788,848	-	63,660	29,115,000	46,610,188
2030	28,700,000	45,670,245	74,370,245	-	63,660	28,700,000	45,606,585
2031	32,100,000	44,578,344	76,678,344	-	63,660	32,100,000	44,514,684
2032-2036	157,840,000	205,065,616	362,905,616	-	318,300	157,840,000	204,747,316
2037-2041	196,750,873	172,317,527	369,068,401	1,400,873	275,398	195,350,000	172,042,129
2042-2046	203,809,050	130,696,295	334,505,345	1,339,050	39,118	202,470,000	130,657,177
2047-2051	232,860,000	78,948,010	311,808,010	-	-	232,860,000	78,948,010
2052-2056	167,815,000	20,551,746	188,366,746	-	-	167,815,000	20,551,746
	$ 1,101,674,923	$ 840,610,273	$ 1,942,285,196	$ 2,739,923	$ 951,116	$ 1,098,935,000	$ 839,659,156

Changes in bonds outstanding during the fiscal year ended June 30, 2026, are summarized in the following table:

	July 1, 2025	Issued	Redeemed	June 30, 2026
Direct placement	$ 3,195,917	$ -	$ 455,994	$ 2,739,923
All other bonds and notes	984,315,000	178,315,000	63,695,000	1,098,935,000
Premium/Discount	12,578,519	4,988,889	3,773,226	13,794,182
	$ 1,000,089,436	$ 178,315,000	$ 64,150,994	$ 1,115,469,105

	July 1, 2024	Issued	Redeemed	June 30, 2025
Direct placement	$ 3,924,993	$ -	$ 729,076	$ 3,195,917
All other bonds and notes	831,845,000	226,955,000	74,485,000	984,315,000
Premium/Discount	12,918,922	4,353,632	4,759,277	12,513,277
	$ 835,769,993	$ 226,955,000	$ 75,214,076	$ 1,000,024,194

Warehouse Facility

During the fiscal year ending June 30, 2019, the Commission entered into a repurchase agreement with Plains Capital Bank to purchase a 100% interest in eligible mortgage loans held by the Commission. This agreement allows us to access short-term funds of up to $40 million, to meet the liquidity needs in support of our temporary investments in Home Advantage mortgage loans, held in the Single-Family program bond fund. This credit agreement is collateralized by the underlying mortgage loans. Failure of the Commission to make required payments timely could result in immediate demand for payment, our loss of ownership of the underlying collateral and suspension of the agreement. Activity and balances for the fiscal years ending June 30, 2026 and 2025 are summarized in the following table:

	2026	2025
Beginning Balance	$ 25,502,235	$ 15,795,887
Draws	175,109,374	202,574,584
Principal Repayments	(194,470,903)	(192,868,236)
Ending Balance	$ 6,140,706	$ 25,502,235

During the fiscal year ending June 30, 2020, the Commission entered into a revolving loan and security agreement ("Line of Credit") with a private lender. Draws on the line are used to make qualified bond redemptions and are fully collateralized by bond prepayments received and deposited into a Local Government Investment Pool account established for this purpose. The line is repaid with proceeds from new bonds issued in conduit programs using recycled volume cap. An equal amount of monies on deposit are provided to the new bond borrower. Failure of the Commission to make required payments timely could result in immediate demand for payment, our loss of ownership of the collateral, loss of the recyclable volume cap preserved, and suspension of the agreement. Draws made during the year totaled $186,503,900 while repayments were $92,682,582, leaving a balance outstanding as of June 30, 2026 of $232,917,662 compared to $139,096,344 as of June 30, 2025.

During the fiscal years ending June 30, 2021 and June 30, 2024, the Commission entered into Lines of Credit with a private lender. Draws on the lines are used to make loans in PRI and are fully collateralized by the Deeds of Trust attached to the properties financed. The lines are repaid with proceeds from repayment on the loans. Failure of the Commission to make required payments timely could result in immediate demand for payment and suspension of the agreement.

Draws made during the year totaled $5,025,000 while repayments totaled $61,436, leaving a balance outstanding as of June 30, 2026 of $54,393,564. Draws totaling $10,092,500 were made during the prior year while no repayments were made, leaving a balance outstanding as of June 30, 2025 of $49,430,000.

Note 9 - Commitments

Mortgage Loans

The Commission has committed to purchase mortgage loans to the extent qualified loans are available under our Single-Family programs currently in the acquisition phase. Our commitments as of June 30, 2026 totaled $86,262,891.

Note 10 - Employee Benefit Plans

Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits our employees to defer a portion of their salaries until future years. The State pays the deferred compensation to employees upon termination, retirement, death, or unforeseeable emergency. We record the funds as salary expense when paid to the State; therefore, neither an asset nor liability is recorded on our financial statements.

Retirement (Pension) Plan

The Commission's employees participate in the Public Employees' Retirement System (PERS) of the State. PERS, established by the legislature in 1947, is a cost-sharing multiple-employer retirement system. Membership in the system includes elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of legislative committees; community colleges, college and university employees not in national higher education retirement programs such as TIAA/CREF; judges of district and municipal courts; noncertified employees of school districts, and employees of local government. Approximately 51.8% of PERS salaries are from State employment. Our employees are eligible to participate in Plans 2 and 3. Plan 2 is a defined benefit plan. Plan 3 includes defined benefit and defined contribution components. Each employee is responsible for their plan selection. Plan 1 is closed to new entrants.

Commission employees may retire at the age of 65 with five years of service or at age 55 with 20 years of service. The employee's retirement benefit is the product of three factors, the PERS plan percentage (Plan 2, 2%, Plan 3, 1%), average final compensation (the greatest compensation during any consecutive 60-month period) and years of service. Retirement benefits taken before age 65 are actuarially reduced. A cost-of-living allowance on the benefit is added, based on the Seattle Consumer Price Index, capped at 3% annually. PERS Plans 2 and 3 benefits include duty and non-duty disability payments and a one-time duty-related death benefit.

A combination of investment earnings and employer and employee contributions finance PERS retirement. Employee contributions accrue interest at a rate specified by the Department of Retirement Services (DRS). The DRS-established rate of interest on employee contributions was 2.75%, compounded quarterly. Retirement benefit provisions are established in State statutes and may be amended only by the State legislature. An employee can withdraw their total contributions and interest earnings upon their termination. PERS defined benefits are vested after an employee completes five years of eligible service for Plan 2 participants. For PERS plan 3 participants, defined benefits are vested after ten years of eligible service or after five years if twelve months of that service are earned after age 44.

Each biennium the legislature establishes employer and employee contribution rates. The Office of the State Actuary determines the contribution requirements to fully fund the plan in accordance with chapters RCW 41.40 and 41.45. All employers are required to contribute at the level established by the legislature. PERS Plan 1 accepts no new enrollments, and no Commission employees participate in the plan. However, the employer rate for participants in Plans 2 and 3 includes a component to address the PERS Plan 1 unfunded, actuarial accrued liability.

The Commission and employee required contribution rates and amounts to the pension plan for the fiscal years June 30, 2026 and 2025 are:

	2026		2025	
	Rate	Amount	Rate	Amount
Employer contributions				
Plan 1 component	0.00%	$ -	2.56%	$ 252,656
Plan 2 and 3 component	5.58%	601,553	6.56%	633,380
	5.58%	$ 601,553	9.12%	$ 886,036
Employee Contributions				
Plan 2	5.58%	$ 633,790	6.62%	$ 635,833

Detailed information about the pension plan's fiduciary net position is available in the separately issued DRS financial statements, which are available from:

Washington State Department of Retirement Systems
PO Box 48380
Olympia, WA 98504-8380
www.drs.wa.gov

The DRS retirement plans are accounted for in pension trust funds using the flow of economic-resources-measurement focus and the accrual basis of accounting. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. DRS reports investments held by the plans at fair value. As of the most recent period available, fiscal year ended June 30, 2024, DRS reports a total net pension liability for Plan 1 of $1.8 billion, and a total net pension asset for Plan 2 and 3 of $3.3 billion.

At June 30, 2026 and 2025, the Commission recognized its proportionate share of the net pension liability of Plan 1 of $660,555, and $779,273, respectively, and included it in accounts payable and other liabilities within the General Operating Fund. The Commission recognized its proportionate share of the net pension asset of Plan 2 of $1,607,249 and $1,340,892, as of June 30, 2026 and 2025, respectively, and included it in the prepaid fees and other assets within the General Operating Fund. The net pension liability and asset were measured as of June 30, 2025 and June 30, 2024, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of June 30, 2024 and June 30, 2023, rolled forward to June 30, 2025 and June 30, 2024. Plan liabilities were rolled forward using each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. The Commission's proportion of net pension liability was based upon its contributions in relation to all other employer and non-employer contributions to the plan. The Commission's proportions used for measurement of its obligations as of June 30, 2026 and 2025, were:

	2026	2025	Change
Plan 1	0.0460%	0.0439%	0.00210%
Plans 2 and 3	0.0595%	0.0569%	0.00260%

The change in Commission proportions was determined to be immaterial, therefore a deferral of the impact of the change was not recognized.

For the years ended June 30, 2026 and 2025, the Commission recognized pension expense of $(388,418) and $(233,526) respectively. For those years, we recognized deferred outflows and inflows of resources related to pension obligations from the following sources:

June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments:		
Plan 1	$ -	$ (160,679)
Plans 2 and 3	-	518,351
Net difference due to change in assumptions		
Plans 2 and 3	783,337	-
Net difference between expected and actual experience		
Plans 2 and 3	1,626,693	-
Contributions subsequent to the measurement date		
Plans 2 and 3	621,941	-
Total	$ 3,031,971	$ 357,672

June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		
Plan 1	$ -	$ 18,931
Plans 2 and 3	-	591,747
Net difference due to change in assumptions		
Plans 2 and 3	917,207	-
Net difference between expected and actual experience		
Plans 2 and 3	1,069,899	-
Contributions subsequent to the measurement date		
Plans 2 and 3	893,110	-
Total	$ 2,880,216	$ 610,678

The $621,941 reported as deferred outflows of resources as of June 30, 2026, related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows for years ending June 30:

Years Ended June 30:	
2027	$ (852,665)
2028	(325,653)
2029	(320,178)
2030	(130,243)
2031	(285,143)
Thereafter	(138,476)
	$ (2,052,358)

The total pension liability in the June 30, 2026 and 2025 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	2026	2025
Inflation		
Economic	2.75%	2.75%
Salary	3.25%	3.25%
Investment rate of return	7.00%	7.00%
Discount rate	7.00%	7.00%

Mortality rates were based on the Society of Actuaries' Publication H-2010 mortality rates, and vary by member status (active, retiree, or survivor). The Office of State Actuary applied age offsets for each system and recognized future improvements in mortality by applying the long-term MP-2017 generational improvement scale. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year through his or her lifetime.

The long-term expected rate of return on pension plan investments was determined using a building-block method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of the WSIB's Capital Market Assumptions (CMAs). WSIB uses the CMAs and their target asset allocations to simulate future investment returns at various future times. The long-term expected rate of return of 7.0% approximately equals the median of the simulated investment returns over a 50-year time horizon, adjusted to remove or dampen any short-term changes to WSIB's CMAs that aren't expected over the entire 50-year measurement period.

The target allocation and best estimates of arithmetic real rates of return for each major asset class (as of PERS year-end June 30, 2024), including an inflation component of 2.20%, are summarized in the following table:

Asset Class	Target Allocation	% Long-Term Expected Rate of Return
Fixed Income	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
	100%	

The discount rate used to measure the total pension liability was 7.00%. The rate was determined by completing an asset sufficiency test on whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Consistent with current law, the asset sufficiency test included an assumed 7.00% long-term discount rate to determine funding liabilities for calculation of future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.00% future investment rate of return on investment assets was assumed for the test. Contributions from plan members and employers are assumed to continue at contractually required rates. Based upon those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00% was used to determine the total liability.

The following presents the Commission's proportionate share of the net pension liability as of June 30, 2026 and 2025 calculated using the discount rate of 7.00% as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Discount Rate Sensitivity 2026		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Plan 1	$ 915,142	$ 660,555	$ 215,380
Plan 2 and 3	$ 3,684,666	$ (1,607,249)	$ (7,161,581)

	Discount Rate Sensitivity 2025		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Plan 1	$ 1,147,407	$ 779,273	$ 457,835
Plan 2 and 3	$ 3,381,397	$ (1,340,892)	$ (6,193,336)

Other Postemployment Benefit Plan

Commission employees are eligible to participate in the single employer defined benefit other postemployment benefit (OPEB) plan administered by the State Health Care Authority (HCA). The plan, as authorized through RCW 41.05.065, is designed by the Public Employee Benefits Board (PEBB), created within HCA, and determines the terms and conditions of employee and retired employee participation and coverage, including eligibility criteria. The PEBB OPEB plan benefits are provided in accordance with a substantive plan rather than a formalized contract or plan document and, as such, rely on communication of the plan terms by HCA with employers and plan members as well as the historical practice of plan cost sharing by employers.

The PEBB OPEB plan is funded by monthly contributions with amounts established by the Legislature as a part of the biennium budget process. There are no plan assets in a trust, rather the monthly contributions are used to pay for current benefits provided. The plan does not issue a publicly available financial report.

The PEBB retiree OPEB plan is available to employees eligible for retirement electing to continue coverage and pay the administratively established health insurance premiums at the time they retire under the provisions of the retirement plan to which they belong.

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in this risk pool receive an implicit subsidy because the retired members pay a premium based on the claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy from the reduced premiums. The explicit subsidy is established through an annual recommendation by the HCA administrator which is included in the Governor's budget with the final amount approved by the state Legislature. In calendar year 2026, the explicit subsidy was $183 per enrollee member per month and will remain at $183 in calendar year 2027.

OPEB implicit and explicit subsidies as well as administrative costs are funded by the required contributions participating employers make. The Commission is required to make monthly contributions on behalf of all active, health care eligible employees (headcount), regardless of enrollment status. The allocation method used by the state to determine our proportionate share of the OPEB related liabilities, deferred inflows, deferred outflows, and expense is the percentage of our headcount as a percentage of the state's total headcount.

This same method is used to determine the transactions subsequent to the measurement date, specifically the retiree portion of premium payments made by agencies on behalf of active, health care eligible employees between the measurement date of June 30, 2025 and the reporting date of June 30, 2026. The portion of health care premiums attributed to retirees for both explicit and implicit subsidies is taken from the Fiscal Year 2025 4th Quarter Update in the PEBB Financial Projection Model (PFPM) from the State Health Care Authority.

Additional information will be included in the Washington State 2026 Annual Comprehensive Financial Report on OFM's website (www.ofm.wa.gov/accounting/financial-audit-reports/comprehensive-annual-financial-report). Additional information on health care trend rates and other actuarial date is available on the Office of the State Actuary's website (leg.wa.gov/osa).

For fiscal years ending June 30, 2026 and 2025, HCA reports total OPEB liability of $3.8 billion and $4.4 billion, respectively. At June 30, 2026 and 2025, the Commission recognized its proportionate share of the OPEB liability of $2,214,425 and $2,520,067, respectively, which is included in accounts payable and other liabilities within the General Operating Fund. The OPEB liability was measured as of June 30, 2025, and the total liability used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2025. The Commission's proportion was based upon our headcount in relation to the headcount of all state employees at the same date resulting in allocations of 0.0583% and 0.0576% used for the measurement of its obligations as of June 30, 2026 and 2025, a decrease between years of 0.0007%. The impact of this change is included in the related deferred inflows and outflows of resources and amortized over nine years, which is equal to the average expected remaining service lives of all active and inactive members.

As of June 30, 2026 and 2025, the change in of our proportionate share of the total OPEB liability are as follows:

	2026	2025
Beginning OPEB Liability	$ 2,520,067	$ 2,462,915
Change in proportionate Share	30,331	56,128
Service cost	94,548	81,764
Interest cost	102,639	93,781
Differences between expected and actual experience	-	47,985
Changes in assumptions	(465,980)	(214,059)
Changes of benefit terms	-	55,030
Benefit payments	(67,180)	(63,477)
Ending OPEB Liability	$ 2,214,425	$ 2,520,067

For the years ended June 30, 2026 and 2025, the Commission recognized OPEB expense of $(150,310) and $(66,654), respectively. For those years recognized deferred outflows and inflows of resources related to the net OPEB liability from the following sources:

As of June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 91,109	$ 1,488,729
Changes in experience	50,675	52,884
Changes in proportion	172,138	116,783
Transactions subsequent to the measurement date	70,209	-
Total	$ 384,131	$ 1,658,396

As of June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 126,857	$ 1,392,535
Changes in experience	68,154	63,531
Changes in proportion	162,892	157,360
Transactions subsequent to the measurement date	66,381	-
Total	$ 424,284	$ 1,613,426

The $70,209 reported as deferred outflows resulting from transactions subsequent to the measurement date will be recognized as a reduction in the OPEB liability in the year ended June 30, 2027.

Other amounts reported as deferred inflows and deferred outflows of resources will be recognized as OPEB expense in subsequent years as follows:

Years Ended June 30,	
2027	$ (285,163)
2028	(205,842)
2029	(243,857)
2030	(227,271)
2031	(219,992)
Thereafter	(162,349)
	$ (1,344,474)

The total OPEB liability in the June 30, 2026 and 2025, was determined using the following actuarial assumptions.

	2026	2025
Inflation		
Economic	2.40%	2.40%
Salary	3.25%	3.25%
(Salaries are also expected to grow by promotions and longevity)		
Health care trend rates		
Initial rate(s)	4.5% - 9.5%	4.5% - 9.5%
Expected by 2080	3.80%	3.80%

Mortality rates were based on the Society of Actuaries' Publication H-2010 mortality rates, and vary by member status (active, retiree, or survivor). The Office of State Actuary applied age offsets for each system and recognized future improvements in mortality by applying the long-term MP-2017 generational improvement scale. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year through his or her lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based upon the results of the 2023 Demographic Experience Study Report. The post-retirement participation percentages and percentage with spouse coverage were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2023 Report on Financial Condition and Economic Experience Study.

Because the OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, which was 5.20% for the June 30, 2025, measurement date.

The following represents the Commission's proportionate share of the OPEB liability as of June 30, 2026 calculated using the discount rate of 5.20% as well as what the proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

Discount Rate Sensitivity 2026		
1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
$ 2,570,080	$ 2,214,425	$ 1,927,366

The following represents the Commission's proportionate share of the OPEB liability as of June 30, 2025 calculated using the discount rate of 3.93% as well as what the proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

Discount Rate Sensitivity 2025		
1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
$ 2,964,842	$ 2,520,067	$ 2,164,935

The table below represents the Commission's proportionate share of the OPEB liability at June 30, 2026 calculated using the health care trend rates range of (4.5)%-9.5% reaching an ultimate range of 3.8%, as well as what our proportionate share of the total OPEB liability would be if it were calculated using health care trend rates that were one percentage point lower ((3.5)%-8.5%)or one percentage point higher ((5.5)%-10.5%) than the current rate:

Health Care Cost Trend Sensitivity		
1% Decrease	Current Trend Rate	1% Increase
$ 1,879,674	$ 2,214,425	$ 2,642,014

The table below represents the Commission's proportionate share of the OPEB liability at June 30, 2025 calculated using the health care trend rates range of (4.5)%-9.5% reaching an ultimate range of 3.8%, as well as what our proportionate share of the total OPEB liability would be if it were calculated using health care trend rates that were one percentage point lower ((3.5)%-8.5%) one percentage point higher ((5.5)%-10.5%) than the current rate:

Health Care Cost Trend Sensitivity		
1% Decrease	Current Trend Rate	1% Increase
$ 2,125,878	$ 2,520,067	$ 3,028,394

Note 11 - Risk Management

The Commission is subject to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters and acts of terrorism for which we carry commercial insurance. As of June 30, 2026 and 2025, there were no known asserted or unasserted claims or judgments against the Commission.

The Commission may be subject to various threatened or pending legal actions, contingencies, and commitments in the normal course of conducting its business. We provide for costs or income related to a settlement of these matters when a loss or gain is probable, and the amount can be reasonably estimated. The effect of the outcome of these matters on our future results of operations and liquidity is not predictable because any such effect depends on future results of operations and the amount and timing of the resolution of any such matters. However, we believe that the ultimate resolution of any such matters will not have a material adverse or beneficial effect on our financial position.

Note 12 - Related Party Transactions

The Commission provides staff and administrative services to the following state agencies for the years ended June 30, 2026 and 2025:

Charges for Services	2026	2025
Washington Higher Education Facilities Authority	$ 109,501	$ 206,457
Tobacco Settlement Authority	-	5,674
Receivable From		
Washington Higher Education Facilities Authority	$ 33,863	$ 64,188
Tobacco Settlement Authority	-	82

Note 13 - Compensated Absences

Permanent employees of the Commission earn annual leave, sick leave and may earn compensatory leave or exchange time. Annual leave is earned based on length of service, and an employee may accumulate a maximum of 280 hours. An employee receives compensation for their unused annual leave upon termination. Employees earn eight hours of sick leave per month. Employees receive 25% of the value of accrued sick leave upon retirement or death. Non-exempt work period employees earn compensatory time at the rate of time-and-one-half for more than 40 hours worked in a week, with a maximum accrual of 240 hours. Compensated absences activity for the years ended June 30, 2026 and 2025, was as follows:

	Beginning Balance July 1, 2025	Net Change	Payments	Ending Balance June 30, 2026
Compensated Absences*	$ 1,613,272	$ 153,587	$ -	$ 1,766,859

	Beginning Balance July 1, 2024	Net Change	Payments	Ending Balance June 30, 2025
Compensated Absences*	$ 1,457,368	$ 155,904	$ -	$ 1,613,272

*The rollforward schedule only reports the net change in the Compensated Absences Liability.

Note 14 - Restatement of a Previously Issued Financial Statements

During the current year, the Commission identified errors in its previously issued financial statements. The Commission identified an intercompany loan that was not properly eliminated in the prior year. As a result, mortgage loans and accounts payable and other liabilities, as well as total assets and total liabilities, were each overstated by $70,000,000 as of June 30, 2025. The accompanying June 30, 2025 financial statements have been restated to correct the error. The correction had no effect on previously reported net position or change in net position.

The Commission also identified an error in the previously reported statement of cash flows related to an incorrect excess of revenues over expenses, the change in receivables, and provision for loan loss amount used in the reconciliation of operating income to net cash provided by operating activities. The total reclassification between the three categories was $54,597,058. The accompanying 2025 statement of cash flows has been restated to correct the error. The correction did not affect the Commission's previously reported change in net position.

Required Supplementary Information
June 30, 2026 and 2025

Washington State Housing Finance Commission

Schedule of Proportionate Share of Net Pension Liability (Asset)

PLAN 1	2026	2025	2024	2023	2022
WSHFC's portion of net pension liability	0.0460%	0.0439%	0.0440%	0.0441%	0.0466%
WSHFC's proportionate share of the net pension liability	$ 660,555	$ 779,273	$ 991,679	$ 1,199,406	$ 867,838
WSHFC's covered employee payroll	N/A	N/A	N/A	N/A	N/A
WSHFC's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	89.07%	84.05%	80.16%	76.56%	88.74%
PLAN 2 and 3					
WSHFC's portion of net pension liability	0.0595%	0.0569%	0.0568%	0.0576%	0.0599%
WSHFC's proportionate share of the net pension liability (asset)	$ (1,607,249)	$ (1,340,892)	$ (1,894,532)	$ (1,767,016)	$ (5,925,840)
WSHFC's covered employee payroll	$ 9,888,126	$ 8,921,947	$ 7,887,915	$ 7,208,684	$ 6,526,599
WSHFC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-16.25%	-15.03%	-24.02%	-24.51%	-90.80%
Plan fiduciary net position as a percentage of the total pension liability	105.53%	105.17%	107.02%	106.73%	120.29%

PLAN 1	2021	2020	2019	2018	2017
WSHFC's portion of net pension liability	0.0471%	0.0465%	0.0462%	0.0455%	0.0439%
WSHFC's proportionate share of the net pension liability	$ 1,646,824	$ 1,790,818	$ 2,052,105	$ 2,168,328	$ 2,361,147
WSHFC's covered employee payroll	N/A	N/A	N/A	N/A	N/A
WSHFC's proportionate share of the net pension liability as a percentage of its covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	68.64%	67.12%	63.22%	61.24%	57.03%
PLAN 2 and 3					
WSHFC's portion of net pension liability	0.0613%	0.0600%	0.0594%	0.0586%	0.0564%
WSHFC's proportionate share of the net pension liability (asset)	$ 820,030	$ 604,966	$ 1,023,732	$ 2,030,714	$ 2,845,451
WSHFC's covered employee payroll	$ 6,526,599	$ 6,157,091	$ 6,157,091	$ 5,762,602	$ 5,293,776
WSHFC's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	12.56%	9.83%	16.63%	35.24%	53.75%
Plan fiduciary net position as a percentage of the total pension liability	97.22%	97.77%	95.77%	90.97%	85.82%

Schedule of Contributions

PLAN 1	2026	2025	2024	2023	2022
Statutorily-required contributions	$ 253,454	$ 262,729	$ 300,124	$ 270,495	$ 347,322
Contributions related to the statutorily-required contributions	253,454	262,729	300,124	270,495	347,322
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
WSHFC's covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Contribution as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
PLAN 2 and 3					
Statutorily-required contributions	$ 631,303	$ 560,074	$ 499,405	$ 462,454	$ 567,569
Contributions related to the statutorily-required contributions	631,303	560,074	499,405	462,454	567,569
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
WSHFC's covered-employee payroll	9,888,126	8,921,947	7,887,915	7,208,684	6,526,599
Contribution as a percentage of covered-employee payroll	6.38%	6.28%	6.33%	6.42%	8.70%

PLAN 1	2021	2020	2019	2018	2017
Statutorily-required contributions	$ 341,322	$ 333,507	$ 309,065	$ 273,962	$ 249,236
Contributions related to the statutorily-required contributions	341,322	333,507	309,065	273,962	249,236
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
WSHFC's covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Contribution as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
PLAN 2 and 3					
Statutorily-required contributions	$ 565,120	$ 490,407	$ 458,084	$ 357,892	$ 325,504
Contributions in related to the statutorily-required contributions	565,120	490,407	458,084	357,892	325,504
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
WSHFC's covered-employee payroll	6,526,599	6,157,091	6,157,091	5,762,602	5,293,776
Contribution as a percentage of covered-employee payroll	8.66%	7.96%	7.44%	6.21%	6.15%

Plan 1 – No Commission employees are eligible for PERS 1. Commission contributions are required in order to address the PERS 1 unfunded actuarial accrued liability. Therefore, covered payroll and contributions as a percentage of covered payroll is not applicable to Plan 1.

Schedule of Proportionate Share of OPEB Liability and Contributions

	2026	2025	2024	2023	2022
WSHFC's portion of OPEB Liability	0.05830%	0.05760%	0.05630%	0.05610%	0.05530%
WSHFC's proportionate share of the OPEB liability	$ 2,214,425	$ 2,520,067	$ 2,462,911	$ 2,385,306	$ 3,581,199
WSHFC covered employee payroll	$ 9,888,126	$ 8,921,947	$ 7,887,915	$ 7,208,684	$ 7,208,684
WSHFC's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	22.39%	28.25%	31.22%	33.09%	49.68%

	2026	2025	2024	2023	2022
Statutorily-required contributions	$ 196,359	$ 185,013	$ 171,105	$ 163,053	$ 158,112
Contributions related to the statutorily-required contributions	196,359	185,013	171,105	163,053	158,112
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
WSHFC's covered-employee payroll	$ 9,888,126	$ 8,921,947	$ 7,887,915	$ 7,208,684	$ 6,526,599
Contribution as a percentage of covered-employee payroll	1.99%	2.07%	2.17%	2.26%	2.42%
Total number of monthly insurance payments	1,073	1,011	935	891	864
Monthly contribution	$ 183	$ 183	$ 183	$ 183	$ 183
Total	$ 196,359	$ 185,013	$ 171,105	$ 163,053	$ 158,112

	2021	2020	2019	2018
WSHFC's portion of OPEB Liability	0.05680%	0.05985%	0.05805%	0.05840%
WSHFC's proportionate share of the OPEB liability	$ 3,439,369	$ 3,473,340	$ 2,948,312	$ 3,399,762
WSHFC covered employee payroll	$ 6,526,599	$ 6,157,091	$ 6,157,091	$ 5,762,602
WSHFC's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	52.70%	56.41%	47.88%	59.00%

	2021	2020	2019	2018
Statutorily-required contributions	$ 161,040	$ 148,176	$ 132,450	$ 130,800
Contributions related to the statutorily-required contributions	161,040	148,176	132,450	130,800
Contribution (deficiency) excess	$ -	$ -	$ -	$ -
WSHFC's covered-employee payroll	$ 6,526,599	$ 6,157,091	$ 6,157,091	$ 5,762,602
Contribution as a percentage of covered-employee payroll	2.47%	2.41%	2.15%	2.27%
Total number of monthly insurance payments	880	882	883	872
Monthly contribution	$ 183	$ 168	$ 150	$ 150
Total	$ 161,040	$ 148,176	$ 132,450	$ 130,800

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Supplementary Information
June 30, 2026 and 2025

Washington State Housing Finance Commission

Washington State Housing Finance Commission
Schedule of Program Net Position
June 30, 2026 with comparative totals for 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Restricted Bond Fund: Single-family Bond Program	Restricted Bond Fund: Homeownership Bond Program (NIBP)	Restricted Bond Fund: Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	2026	2025 As Restated
Cash and cash equivalents	$ 230,494,849	$ 3,723,597	$ 234,868,223	$ 213,063,213	$ 43,636,789	$ 725,786,671	$ 607,270,504
Investments							
U.S. government and agencies securities	-	-	-	56,268,231	11,754,323	68,022,554	66,273,159
Investment agreements and other investments	129,579,483	5,000,000	-	-	-	134,579,483	133,349,259
	129,579,483	5,000,000	-	56,268,231	11,754,323	202,602,037	199,622,418
Accrued interest receivable	5,362,834	1,394,724	-	9,932,634	1,029,467	17,719,659	14,036,519
Fees receivable, net	-	-	-		18,264,142	18,264,142	15,302,159
Other receivables	64,489	-	2,125	2,669,835	-	2,736,449	167,173
Interfund Loans	(110,000,000)	-	-	110,000,000	-	-	-
Mortgage-backed securities, cost	1,064,708,629	10,336,731	-	-	-	1,075,045,360	986,328,406
Cumulative unrealized gain (loss) on mortgage-backed securities	(26,713,241)	(251,383)	-	-	-	(26,964,624)	(38,074,681)
Mortgage-backed securities, fair value	1,037,995,388	10,085,348	-	-	-	1,048,080,736	948,253,725
Mortgage loans, net	-	-	-	755,778,247	-	755,778,247	662,144,564
Prepaid fees and other	-	-	-	-	12,105,855	12,105,855	8,921,720
Total assets	1,293,497,043	20,203,669	234,870,348	1,147,712,160	86,790,576	2,783,073,796	2,455,718,782
Deferred Outflows of Resources	(1,242,864)	-	-	-	3,416,102	2,173,238	2,165,674
Total assets and deferred outflows of resources	$ 1,292,254,179	$ 20,203,669	$ 234,870,348	$ 1,147,712,160	$ 90,206,678	$ 2,785,247,034	$ 2,457,884,456

Washington State Housing Finance Commission
Schedule of Program Net Position
June 30, 2026 with comparative totals for 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Restricted Bond Fund: Single-family Bond Program	Restricted Bond Fund: Homeownership Bond Program (NIBP)	Restricted Bond Fund: Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	2026	2025 As Restated
Accounts payable and other liabilities	$ 4,548,364	$ -	$ -	$ 56,391,570	$ 11,978,374	$ 72,918,308	$ 70,147,430
Accrued interest payable	4,113,411	11,586	1,952,686	5,802,760	-	11,880,443	8,999,595
Accrued Arbitrage Liability	51,478					51,478	-
Unearned revenue and other	-	-	-	25,858,722	45,905,567	71,764,289	94,077,379
Derivative instrument - interest Rate swap	(1,242,864)	-	-	-	-	(1,242,864)	(1,138,824)
Notes payable	6,140,706	-	232,917,662	54,393,564	-	293,451,932	214,028,579
Bonds payable							
Current interest bonds							
Due within one year	20,325,000	-	-	-	-	20,325,000	27,125,000
Due in more than one year	791,665,000	-	-	-	-	791,665,000	732,865,000
Taxable bonds							
Due within one year	5,920,000	-	-	-	-	5,920,000	1,185,000
Due in more than one year	278,979,050	4,785,873	-	-	-	283,764,923	226,335,917
Unamortized bond discount	(60,897)	-	-	-	-	(60,897)	(65,242)
Unamortized bond premium	13,855,079	-	-	-	-	13,855,079	12,578,519
	1,110,683,232	4,785,873	-	-	-	1,115,469,105	1,000,024,194
Total liabilities	1,124,294,327	4,797,459	234,870,348	142,446,616	57,883,941	1,564,292,691	1,386,138,353
Deferred Inflows of Resources	6,868,496	-	-	-	2,016,068	8,884,564	7,632,503
Net Position							
Restricted							
Bond operations	161,091,356	15,406,210	-	-	-	176,497,566	146,440,245
Net Pension Asset	-	-	-	-	1,607,249	1,607,249	1,340,892
Grants and donations to program-related investments	-	-	-	809,424	-	809,424	809,424
Net investment in capital assets	-	-	-	-	610,793	610,793	4,333,009
Unrestricted							
General operations	-	-	-	-	27,875,124	27,875,124	23,448,043
Housing Washington	-	-	-	-	213,503	213,503	198,153
Program-related investments	-	-	-	1,004,456,120	-	1,004,456,120	887,543,834
	161,091,356	15,406,210	-	1,005,265,544	30,306,669	1,212,069,779	1,064,113,600
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 1,292,254,179	$ 20,203,669	$ 234,870,348	$ 1,147,712,160	$ 90,206,678	$ 2,785,247,034	$ 2,457,884,456

Washington State Housing Finance Commission

Schedule of Program Revenues, Expenses, and Changes in Program Net Position

Year Ended June 30, 2026 with comparative totals for 2025

	Restricted Bond Fund						
	Single-family Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	2026	2025 Restated
Operating Revenues							
Interest earned on mortgage loans and mortgage-backed securities	$ 48,164,096	$ 472,907	$ -	$ -	$ -	$ 48,637,003	$ 41,315,470
Gain (loss) on mortgage-backed securities	11,049,808	60,249	-	-	-	11,110,057	17,615,789
Other fee income	739,101	30,038	-	34,282,324	51,460,047	86,511,510	65,984,462
Total operating revenues	59,953,005	563,194	-	34,282,324	51,460,047	146,258,570	124,915,721
Operating Expenses							
Servicing and commission fees	996,160	30,038	-	-	-	1,026,198	1,076,206
Salaries and wages	-	-	-	-	14,731,163	14,731,163	12,839,552
Communication and office expense	-	-	-	-	3,308,230	3,308,230	3,110,713
Professional fees	-	-	9,588	-	3,484,397	3,493,985	2,838,868
Other	217,864	-	-	93,412,923	-	93,630,787	31,114,129
Total operating expenses	1,214,024	30,038	9,588	93,412,923	21,523,790	116,190,363	50,979,468
Operating income	58,738,981	533,156	(9,588)	(59,130,599)	29,936,257	30,068,207	73,936,253
Non-Capital Subsidies							
State provided grant revenue	-	-	-	137,230,842	-	137,230,842	61,080,650
Pass-through grant revenue	-	-	-	-	9,017,420	9,017,420	60,398,071
Pass-through grant expense	-	-	-	-	(9,017,420)	(9,017,420)	(60,398,071)
Total non-capital subsidies	-	-	-	137,230,842	-	137,230,842	61,080,650
Operating income and non-capital subsidies	58,738,981	533,156	(9,588)	78,100,243	29,936,257	167,299,049	135,016,903
Non-Operating Revenues and (Expense)							
Other interest and investment income (loss)	15,118,322	446,802	6,939,374	-	11,745,153	34,249,651	37,410,972
Interest on debt	(43,483,697)	(156,249)	(6,929,786)	(1,882,795)	-	(52,452,527)	(42,323,635)
Amortization of bond discount	(4,345)	-	-	-	-	(4,345)	(5,719)
Amortization of bond premium	884,949	-	-	-	-	884,949	989,332
Bond issuance costs	(1,860,115)	-	-	-	-	(1,860,115)	(2,409,983)
Trustee and paying agent fees	(154,483)	(6,000)	-	-	-	(160,483)	(144,559)
Total non-operating revenues and (expenses)	(29,499,369)	284,553	9,588	(1,882,795)	11,745,153	(19,342,870)	(6,483,592)
Change in Net Position	29,239,612	817,709	-	76,217,448	41,681,410	147,956,179	128,533,311
Net Position, Beginning of Year	131,851,744	14,588,501	-	888,353,258	29,320,097	1,064,113,600	935,580,289
Contribution (distribution) of equity	-	-	-	40,694,838	(40,694,838)	-	-
Net Position, End of Year	$ 161,091,356	$ 15,406,210	$ -	$ 1,005,265,544	$ 30,306,669	$ 1,212,069,779	$ 1,064,113,600

Washington State Housing Finance Commission

Schedule of Program Cash Flows

Year Ended June 30, 2026

	Restricted Bond Fund					
	Single-family Housing Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	Year Ended June 30, 2026
Operating Activities						
Receipts for interest on mortgages	$ 47,654,432	$ 478,510	$ -	$ -	$ -	$ 48,132,942
Receipts for other fee income	674,612	30,038	-	20,919,636	31,183,590	52,807,876
Receipts for loans and mortgage prepayments	85,790,560	1,512,156	-	176,954,214	-	264,256,930
Payments for acquisition of loans and mortgages	(175,969,628)	-	-	(224,940,346)	-	(400,909,974)
Payments (refunds) for bond program expenses	1,670,513	(30,038)	-	-	-	1,640,475
Pass-through grants received	-	-	-	-	9,017,420	9,017,420
Pass-through grants disbursed	-	-	-	-	(9,017,420)	(9,017,420)
Payments to employees and suppliers	-	-	(11,713)	(1,758,957)	(22,080,166)	(23,850,836)
Net Cash from (used for) Operating Activities	(40,179,511)	1,990,666	(11,713)	(28,825,453)	9,103,424	(57,922,587)
Noncapital Financing Activities						
Proceeds from sale of bonds and notes	180,478,204	-	-	4,963,564	-	185,441,768
Proceeds from collateralized loans	175,109,374	-	186,503,900	-	-	361,613,274
Repayments of collateralized loans	(194,470,903)	-	(92,682,582)	-	-	(287,153,485)
Interest paid on debt	(43,511,625)	(160,042)	(6,447,646)	(8,564)	-	(50,127,877)
Debt repayments	(62,647,635)	(1,509,359)	-	-	-	(64,156,994)
Transfer of bond proceeds	-	-	-	-	-	-
Contributions	-	-	-	40,694,838	(40,694,838)	-
Net Cash from (used for) Noncapital Financing Activities	54,957,415	(1,669,401)	87,373,672	45,649,838	(40,694,838)	145,616,686
Investing Activities						
Purchase of investments	(2,149,968,962)	-	-	(16,822,064)	-	(2,166,791,026)
Sale of investments	2,148,738,737	-	-	-	15,072,667	2,163,811,404
Interest received on investments	15,021,677	122,807	6,939,374	-	11,717,832	33,801,690
Net Cash from (used for) Investing Activities	13,791,452	122,807	6,939,374	(16,822,064)	26,790,499	30,822,068
Net Increase (Decrease) In Cash and Cash Equivalents	28,569,356	444,072	94,301,333	2,321	(4,800,915)	118,516,167
Cash and Cash Equivalents, Beginning of Year	201,925,493	3,279,525	140,566,890	213,060,892	48,437,704	607,270,504
Cash and Cash Equivalents, End of Year	$ 230,494,849	$ 3,723,597	$ 234,868,223	$ 213,063,213	$ 43,636,789	$ 725,786,671

Washington State Housing Finance Commission

Schedule of Program Cash Flows

Year Ended June 30, 2026

	Restricted Bond Fund					
	Single-family Housing Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	Year Ended June 30, 2026
Reconciliation of Excess (Deficit) of Revenues Over Expenses to Net Cash from (used for) Operating Activities						
Excess (deficit) of revenues over expenses	$ 58,738,981	$ 533,156	$ (9,588)	$ (59,130,599)	$ 29,936,257	$ 30,068,207
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash from operating activities						
Amortization of mortgage discount	(50,059)	-	-	-	-	(50,059)
Amortization of mortgage premium	17	-	-	-	-	17
Depreciation and amortization	-	-	-	-	613,580	613,580
Provision for loan losses	-	-	-	91,583,291	-	91,583,291
Receipts for loans and mortgage payments	85,790,560	1,512,156	-	176,954,214	-	264,256,930
Payments for acquisitions of loans and mortgages	(175,969,628)	-	-	(224,940,346)	-	(400,909,974)
Unrealized (gain) loss on securities	(11,049,808)	(60,249)	-	-	-	(11,110,057)
Cash from changes in operating assets and liabilities						
Interest and other receivables	(524,111)	5,603	(2,125)	(5,283,818)	(5,876,698)	(11,681,149)
Interest and other payables	2,884,537	-	-	(8,008,195)	(15,569,715)	(20,693,373)
Net Cash from (used for) Operating Activities	$ (40,179,511)	$ 1,990,666	$ (11,713)	$ (28,825,453)	$ 9,103,424	$ (57,922,587)

Washington State Housing Finance Commission

Schedule of Notes and Bonds Payable

Year Ended June 30, 2026 with Comparative Totals for 2025

Series	Issue Date	Original Amount	Maturity Date	Balance Outstanding June 30, 2026	Balance Outstanding June 30, 2025
Single-family (Open Indenture)					
Single-family Series 2013 1A-R/1N-R	3/27/2013	62,515,000	6/1/2043	$ 15,385,000	$ 16,315,000
Single-family Series 2015 1A-R/1N	12/10/2015	63,845,000	6/1/2038	4,930,000	6,555,000
Single family Series 2016 1A-R 1N VR-1N	5/26/2016	65,500,000	12/1/2046	20,330,000	22,820,000
Single family Series 2016 2A-R 2N	11/30/2016	67,045,000	12/1/2046	16,545,000	18,890,000
Single family Series 2017 1A-R 1N	4/27/2017	67,370,000	12/1/2047	-	1,790,000
Single family Series 2017 2A-R/2N	9/28/2017	35,230,000	6/1/2047	5,975,000	7,685,000
Single family Series 2017 3N/3N-R/3A-R	12/28/2017	70,475,000	12/1/2047	5,305,000	6,985,000
Single family Series 2018 1N/1N-MM	10/18/2018	98,190,000	12/1/2048	34,350,000	37,495,000
Single Family Series 2019 1N	3/20/2019	78,210,000	6/1/2049	5,195,000	9,545,000
Single Family Series 2019 2A/2N	11/26/2019	38,535,000	12/1/2049	24,400,000	26,745,000
Single Family Series 2020 1A/1N	5/28/2020	41,765,000	6/1/2050	26,870,000	29,555,000
Single Family Series 2020 2N	11/30/2020	38,835,000	12/1/2050	26,680,000	29,245,000
Single Family Series 2021 1N	5/27/2021	71,630,000	12/1/2049	49,755,000	55,090,000
Single Family Series 2021 2A/2N	11/30/2021	79,525,000	6/1/2051	58,945,000	66,710,000
Single Family Series 2022 1A/1N	9/20/2022	82,385,000	12/1/2052	68,545,000	75,020,000
Single Family Series 2023 1A/1N/1T	5/18/2023	64,700,000	12/1/2050	58,475,000	61,685,000
Single Family Series 2023 2A/2N/2T	9/28/2023	185,675,000	12/1/2053	177,655,000	182,700,000
Single Family Series 2024 1A/1N/1T	5/30/2024	99,285,000	12/1/2054	95,975,000	98,380,000
Single Family Series 2024 2A/2N/2T	11/19/2024	117,795,000	6/1/2054	114,050,000	117,210,000
Single Family Series 2025 1A/1N/1T	5/28/2025	109,160,000	12/1/2055	108,010,000	109,160,000
Single Family Series 2025 2N/2T	11/20/2025	64,290,000	12/1/2055	64,150,000	-
Single Family Series 2026 1N/1T	5/27/2026	114,025,000	6/1/2056	114,025,000	-
Special Single family	10/18/2012	26,171,376	10/1/2042	1,339,050	1,641,685
				1,096,889,050	981,221,685
Unamortized Bond Premium				13,855,079	12,578,519
Unamortized Bond Discount				(60,897)	(65,242)
				$ 1,110,683,232	$ 993,734,962
Homeownership Program Bonds					
Homeownership Program Bonds 2013 A	1/30/2013	23,675,203	3/1/2040	$ 1,400,873	$ 1,554,232
Homeownership Program Bonds 2015 AB	5/28/2015	69,370,000	5/1/2041	3,385,000	4,735,000
				4,785,873	6,289,232
Unamortized Bond Premium				-	-
				$ 4,785,873	$ 6,289,232