

**ALABAMA HOUSING FINANCE AUTHORITY**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025 AND 2024**

**ALABAMA HOUSING FINANCE AUTHORITY  
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SEPTEMBER 30, 2025 AND 2024**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Alabama Housing Finance Authority

### Opinions

We have audited the accompanying statements of net position of the Alabama Housing Finance Authority (a component unit of the State of Alabama), as of September 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Alabama Housing Finance Authority as of September 30, 2025 and 2024, and the respective results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alabama Housing Finance Authority 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.

### 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 the 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 Alabama Housing Finance Authority'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.

### Auditors' Responsibilities for the Audits 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 auditors' report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Alabama Housing Finance Authority'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 Alabama Housing Finance Authority'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.

#### **Other Matters**

##### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedules of changes in the Alabama Housing Finance Authority's net pension liability and related ratios and schedule of employer contributions to the Alabama Housing Finance Authority Employees' Pension Plan on pages 4 through 9, 43, and 44, respectively be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying additional segment data is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional segment data is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional segment data is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Warren Averett, LLC*

Montgomery, Alabama  
December 10, 2025

**ALABAMA HOUSING FINANCE AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

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***Introduction***

This section of the annual financial report of the Alabama Housing Finance Authority (the Authority) presents management's discussion and analysis of the financial position and results of operations during the fiscal year ended September 30, 2025. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This analysis should be read in conjunction with the Independent Auditors' Report, financial statements, and accompanying notes. Operations of the Authority include: (1) purchasing and securitizing single family mortgage loans of qualified borrowers, (2) servicing Authority and other entity mortgages, (3) implementing and managing housing-related Federal Programs, and (4) issuing bonds to purchase loans for single family residences and provide funding for multifamily developments. The Authority is an approved seller and servicer with the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac). The Federal Programs managed by the Authority are Low-Income Housing Tax Credits, the HOME Investment Partnerships Program (HOME), the Tax Credit Assistance Program (TCAP), the Exchange Grant Program, the Housing Trust Fund (HTF), the Emergency Rental Assistance Alabama Programs (ERA and ERA2), the Mortgage Assistance Alabama Program (MAA), and the HOME Investment Partnerships – American Rescue Plan Program (HOME-ARP). The Authority also administers the State of Alabama’s Workforce Housing Credit program. The Authority is entirely self-funded and does not draw upon the general taxing authority of the State of Alabama.

The financial transactions of the Authority are recorded in the funds, which consist of a separate set of self-balancing accounts that comprise its assets and deferred outflows, liabilities and deferred inflows, net position, revenues, and expenses as appropriate.

***Required Basic Financial Statements***

The basic financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer information about the Authority's activities. The statements of net position include all of the Authority's assets and liabilities and provide information about the nature and amounts of investments in resources (assets), consumption of net position that is applicable to future reporting periods (deferred outflows), obligations to Authority creditors (liabilities), and the acquisition of net position that is applicable to future reporting periods (deferred inflows). The assets and liabilities are presented in order of liquidity.

All of the reporting period’s revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the activities of the Authority's operations over the past year and presents the resulting change in net position – calculated as revenues less expenses.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, noncapital financing, and other financing activities and provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

**ALABAMA HOUSING FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported changes in net position.

**Financial Information**

**Statements of Net Position**

The following table presents information about the net position of the Authority as of September 30, 2025 and 2024, and changes in the balances of selected items during the fiscal year ended September 30, 2025 (\$ in thousands):

	<b>2025</b>	<b>2024 (as restated)</b>	<b>Change</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on deposit	\$ 15,419	\$ 11,674	\$ 3,745
Accounts receivable, net	283	290	(7)
Accrued interest receivable	373	317	56
Mortgage loans receivable, net	4,848	4,152	696
Mortgage loans held for sale	77,736	102,093	(24,357)
Investments	77,088	61,321	15,767
Other assets, net	11,220	9,003	2,217
Restricted:			
Cash on deposit	45,691	33,892	11,799
Accrued interest receivable	22,089	19,643	2,446
Investments	194,338	261,476	(67,138)
Other assets	17	134	(117)
Federal program loans receivable, net	62,083	50,608	11,475
Total current assets	<u>511,185</u>	<u>554,603</u>	<u>(43,418)</u>
<b>NONCURRENT ASSETS</b>			
Mortgage loans receivable, net	35,517	30,037	5,480
Other assets, net	15,175	14,982	193
Mortgage servicing rights, net	73,250	56,662	16,588
Restricted:			
Mortgage-backed securities	445,794	136,657	309,137
Investments	-	940	(940)
Other assets, net	1,904	389	1,515
Federal programs loans receivable, net	282,076	287,964	(5,888)
Total noncurrent assets	<u>853,716</u>	<u>527,631</u>	<u>326,085</u>
<b>TOTAL ASSETS</b>	<u>1,364,901</u>	<u>1,082,234</u>	<u>282,667</u>
<b>DEFERRED OUTFLOWS</b>			
Pension-related deferred outflows	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 1,364,901</u>	<u>\$ 1,082,234</u>	<u>\$ 282,667</u>

**ALABAMA HOUSING FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**Statements of Net Position – Continued**

	<b>2025</b>	<b>2024 (as restated)</b>	<b>Change</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bonds payable, net	\$ 4,601	\$ 743	\$ 3,858
Obligations under reverse repurchase agreements	-	10,330	(10,330)
Refundable Federal program grants	62,083	50,608	11,475
Accrued interest payable	28,359	20,067	8,292
Right-to-use lease liability	850	863	(13)
Subscription liability	1,065	973	92
Accrued compensated absences	682	666	16
Other liabilities	3,579	2,707	872
Total current liabilities	<u>101,219</u>	<u>86,957</u>	<u>14,262</u>
<b>NONCURRENT LIABILITIES</b>			
Bonds payable, net	448,416	196,261	252,155
Refundable Federal program grants, net	276,892	294,501	(17,609)
Unearned compliance and commitment fees, net	15,558	12,572	2,986
Right-to-use lease liability	3,726	4,674	(948)
Subscription liability	728	1,766	(1,038)
Total noncurrent liabilities	<u>745,320</u>	<u>509,774</u>	<u>235,546</u>
<b>TOTAL LIABILITIES</b>	<u>846,539</u>	<u>596,731</u>	<u>249,808</u>
<b>DEFERRED INFLOWS</b>			
Pension-related deferred inflows	<u>2,344</u>	<u>1,128</u>	<u>1,216</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>848,883</u>	<u>597,859</u>	<u>251,024</u>
<b>NET POSITION</b>			
Investment in capital assets, net	1,472	378	1,094
Restricted	229,897	217,742	12,155
Unrestricted	<u>284,649</u>	<u>266,255</u>	<u>18,394</u>
Total net position	<u>516,018</u>	<u>484,375</u>	<u>31,643</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 1,364,901</u>	<u>\$ 1,082,234</u>	<u>\$ 282,667</u>

**ALABAMA HOUSING FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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***Statements of Net Position – Continued***

Current assets decreased \$43,418,000 from September 30, 2024 to September 30, 2025, due to decreases in mortgage loans held for sale and restricted investments. The decrease in mortgage loans held for sale of \$24,357,000 is due to the timing of loans purchased and sold compared to the prior year. The decrease in restricted investments of \$67,138,000 is due to the timing of proceeds received and used to purchase mortgage-backed securities from the issuance of Single Family Mortgage Revenue Bonds. The increase in investments of \$15,767,000 is due to the decrease in the balance of mortgage loans held for sale. The increase in restricted cash on deposit of \$11,799,000 is due to program income received in the HOME program and the closure of the MAA investment fund. Finally, the increase in restricted federal program loans receivable, net, of \$11,475,000 is due to an increase in current maturities of HOME program loans.

Noncurrent assets increased \$326,085,000 due to the purchase of mortgage servicing rights, net and restricted mortgage-backed securities. The increase of \$16,588,000 in mortgage servicing rights, net, is due to the increase in the volume of loans purchased during the year. The \$309,137,000 increase in restricted mortgage-backed securities is due to the issuance of Single Family Mortgage Revenue Bonds.

Current liabilities increased \$14,262,000. Refundable Federal program grants increased \$11,475,000 due to current maturities of HOME loans and accrued interest payable increased \$8,292,000 due to the issuance of Single Family Mortgage Revenue Bonds. The outstanding balance of obligations under reverse repurchase agreements decreased \$10,330,000 due to the agreement being terminated.

Noncurrent liabilities increased \$235,546,000 due to an increase in bonds payable, net, of \$252,155,000. This increase in bonds payable, net, is due to the issuance of Single Family Mortgage Revenue Bonds. The decrease of \$17,609,000 in refundable Federal program grants, net, is due to the expenditures of federal funds under the ERA, ERA2 and MAA programs and the reclassification to current liabilities of certain HOME loans. The increase in unearned compliance and commitment fees, net, of \$2,986,000 is due to volume increases in Multifamily bond commitment fees and Low-Income Housing Tax Credit fees.

**ALABAMA HOUSING FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**Statements of Revenues, Expenses, and Changes in Net Position**

The following table presents statements of revenues, expenses, and changes in net position for the Authority for the years ended September 30, 2025 and 2024, and the change from the prior year (\$ in thousands):

	<b>2025</b>	<b>2024</b> <b>(as restated)</b>	<b>Change</b>
<b>OPERATING REVENUES</b>			
Interest on mortgage loans	\$ 7,671	\$ 6,597	\$ 1,074
Interest on mortgage-backed securities	14,786	2,995	11,791
Investment income	11,003	11,726	(723)
Net realized and unrealized gain on investments	6,621	10,971	(4,350)
Loan servicing fees and other income	54,870	46,431	8,439
Total operating revenues	<u>94,951</u>	<u>78,720</u>	<u>16,231</u>
<b>OPERATING EXPENSES</b>			
Interest	15,186	3,308	11,878
Amortization of mortgage servicing rights	5,944	4,674	1,270
Program, general, and administrative	55,069	47,068	8,001
Total operating expenses	<u>76,199</u>	<u>55,050</u>	<u>21,149</u>
<b>OPERATING INCOME</b>	<u>18,752</u>	<u>23,670</u>	<u>(4,918)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal program grants	22,667	43,257	(20,590)
Federal program expenditures	(9,776)	(37,388)	27,612
Net nonoperating revenues (expenses)	<u>12,891</u>	<u>5,869</u>	<u>7,022</u>
<b>CHANGES IN NET POSITION</b>	31,643	29,539	2,104
<b>NET POSITION</b>			
Beginning of year, as restated	<u>484,375</u>	<u>454,836</u>	<u>29,539</u>
End of year, as restated	<u>\$ 516,018</u>	<u>\$ 484,375</u>	<u>\$ 31,643</u>

Operating revenues increased \$16,231,000. The increase in interest on mortgage-backed securities of \$11,791,000 is due to the purchase of mortgage-backed securities from the issuance of Single Family Mortgage Revenue Bonds. The decrease in net realized and unrealized gain on investments of \$4,350,000 resulted from a decrease in the realized gain on sale of mortgage loans held for sale and the change in market values of mortgage-backed securities. The increase in loan servicing fees and other income of \$8,439,000 was driven by an increase in the Authority's mortgage loan servicing portfolio due to an increase in loan servicing purchase volume and a low volume of loan payoffs.

**ALABAMA HOUSING FINANCE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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***Statements of Revenues, Expenses, and Changes in Net Position – Continued***

Operating expenses increased \$21,149,000. The increase in interest expense of \$11,878,000 was due to the issuance of Single Family Mortgage Revenue Bonds. Program, general and administrative expenses increased \$8,001,000 due to increases in cost of services of certain vendors, increase in guaranty fees paid to government sponsored entities, and bond issuance costs.

As a result of the aforementioned factors, operating income decreased \$4,918,000 from September 30, 2024 to September 30, 2025.

Nonoperating revenues increased \$7,022,000. The increase is the net change across several programs. Program activities for MAA and HOME decreased, while program activities for ERA2 and HTF increased.

**ALABAMA HOUSING FINANCE AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2025 AND 2024**  
(\$ in thousands)

	<b>2025</b>	<b>2024</b> <b>(as restated)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash on deposit	\$ 15,419	\$ 11,674
Accounts receivable, net	283	290
Accrued interest receivable	373	317
Mortgage loans receivable, net	4,848	4,152
Mortgage loans held for sale	77,736	102,093
Investments	77,088	61,321
Other assets, net	11,220	9,003
Restricted:		
Cash on deposit	45,691	33,892
Accrued interest receivable	22,089	19,643
Investments	194,338	261,476
Other assets	17	134
Federal program loans receivable, net	62,083	50,608
Total current assets	<u>511,185</u>	<u>554,603</u>
<b>NONCURRENT ASSETS</b>		
Mortgage loans receivable, net	35,517	30,037
Other assets, net	15,175	14,982
Mortgage servicing rights, net	73,250	56,662
Restricted:		
Mortgage-backed securities	445,794	136,657
Investments	-	940
Other assets, net	1,904	389
Federal programs loans receivable, net	282,076	287,964
Total noncurrent assets	<u>853,716</u>	<u>527,631</u>
<b>TOTAL ASSETS</b>	<u>1,364,901</u>	<u>1,082,234</u>
<b>DEFERRED OUTFLOWS</b>		
Pension-related deferred outflows	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 1,364,901</u>	<u>\$ 1,082,234</u>

See notes to the financial statements.

**ALABAMA HOUSING FINANCE AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2025 AND 2024**  
(\$ in thousands)

	<b>2025</b>	<b>2024</b> <b>(as restated)</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bonds payable, net	\$ 4,601	\$ 743
Obligations under reverse repurchase agreements	-	10,330
Refundable Federal program grants	62,083	50,608
Accrued interest payable	28,359	20,067
Right-to-use lease liability	850	863
Subscription liability	1,065	973
Accrued compensated absences	682	666
Other liabilities	3,579	2,707
Total current liabilities	101,219	86,957
<b>NONCURRENT LIABILITIES</b>		
Bonds payable, net	448,416	196,261
Refundable Federal program grants, net	276,892	294,501
Unearned compliance and commitment fees, net	15,558	12,572
Right-to-use lease liability	3,726	4,674
Subscription liability	728	1,766
Total noncurrent liabilities	745,320	509,774
<b>TOTAL LIABILITIES</b>	<b>846,539</b>	<b>596,731</b>
<b>DEFERRED INFLOWS</b>		
Pension-related deferred inflows	2,344	1,128
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>848,883</b>	<b>597,859</b>
<b>NET POSITION</b>		
Investment in capital assets, net	1,472	378
Restricted	229,897	217,742
Unrestricted	284,649	266,255
Total net position	516,018	484,375
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 1,364,901</b>	<b>\$ 1,082,234</b>

See notes to the financial statements.

**ALABAMA HOUSING FINANCE AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**  
(\$ in thousands)

	<b>2025</b>	<b>2024</b> <b>(as restated)</b>
<b>OPERATING REVENUES</b>		
Interest on mortgage loans	\$ 7,671	\$ 6,597
Interest on mortgage-backed securities	14,786	2,995
Investment income	11,003	11,726
Net realized and unrealized gain on investments	6,621	10,971
Loan servicing fees and other income	54,870	46,431
Total operating revenues	<u>94,951</u>	<u>78,720</u>
<b>OPERATING EXPENSES</b>		
Interest	15,186	3,308
Amortization of mortgage servicing rights	5,944	4,674
Program, general, and administrative	55,069	47,068
Total operating expenses	<u>76,199</u>	<u>55,050</u>
<b>OPERATING INCOME</b>	<u>18,752</u>	<u>23,670</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal program grants	22,667	43,257
Federal program expenditures	(9,776)	(37,388)
Net nonoperating revenues (expenses)	<u>12,891</u>	<u>5,869</u>
<b>CHANGES IN NET POSITION</b>	31,643	29,539
<b>NET POSITION</b>		
Beginning of year, as restated	<u>484,375</u>	<u>454,836</u>
End of year, as restated	<u>\$ 516,018</u>	<u>\$ 484,375</u>

See notes to the financial statements.

**ALABAMA HOUSING FINANCE AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**  
(\$ in thousands)

	<b>2025</b>	<b>2024</b> <b>(as restated)</b>
<b>INCREASE (DECREASE) IN CASH ON DEPOSIT</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Purchase of mortgage-backed securities	\$ (321,335)	\$ (93,159)
Principal payments received on mortgage-backed securities	13,664	9,181
Purchase of mortgage loans	(40,114)	(33,630)
Principal payments received on mortgage loans	28,890	27,843
Purchase of mortgage loans held for sale	(1,910,159)	(1,856,797)
Proceeds from sale of mortgage loans held for sale	1,934,436	1,851,445
Purchase of mortgage servicing rights	(26,411)	(22,099)
Interest received from mortgage loans	7,644	6,560
Interest received from mortgage-backed securities	13,270	2,148
Cash paid to suppliers for goods and services	(34,945)	(27,584)
Cash payments to employees for services	(12,471)	(11,570)
Loan servicing fees and other income received	57,827	48,839
Net cash used in operating activities	(289,704)	(98,823)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from bonds issued	257,126	189,966
Principal payments on bonds	(657)	(805)
Principal payments on repurchase agreements	(10,330)	(4,670)
Proceeds from Federal program grants, net	16,938	2,751
Payments of Federal program grants, net	(14,720)	(44,554)
Interest paid	(7,914)	(1,120)
Net cash provided by noncapital financing activities	240,443	141,568
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal paid on right-to-use lease liability	(961)	(783)
Principal paid on subscription liability	(1,367)	(919)
Interest paid	(395)	(511)
Purchase of furniture and equipment	(1,265)	(264)
Proceeds from sale of furniture and equipment	-	26
Net cash used in capital and related financing activities	(3,988)	(2,451)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(2,305,327)	(2,030,007)
Proceeds from sales of investments	2,357,535	1,968,702
Interest received from investments	16,585	20,020
Net cash provided by (used in) investing activities	68,793	(41,285)

See notes to the financial statements.

**ALABAMA HOUSING FINANCE AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**  
(\$ in thousands)

	<u>2025</u>	<u>2024</u> (as restated)
<b>NET INCREASE (DECREASE) IN CASH ON DEPOSIT</b>	\$ 15,544	\$ (991)
<b>CASH ON DEPOSIT AT BEGINNING OF YEAR</b>	45,566	46,557
<b>CASH ON DEPOSIT AT END OF YEAR</b>	<u>\$ 61,110</u>	<u>\$ 45,566</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating income	\$ 18,752	\$ 23,670
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	171	160
Amortization and expense of mortgage servicing rights	9,823	9,478
Gross unrealized gain on mortgage-backed securities and investments	(1,362)	(2,760)
Gross unrealized (gain) loss on mortgage loans held for sale	117	(120)
Provision for loan losses, net	5,047	1,024
Interest received from investments	(16,378)	(19,792)
Interest paid on bonds and right-to-use lease liability	7,853	1,610
Changes in operating assets and liabilities:		
Accrued interest receivable	(2,476)	(2,016)
Mortgage loans receivable	(11,223)	(5,787)
Mortgage loans held for sale	24,276	(5,352)
Mortgage servicing rights, net	(26,411)	(22,098)
Mortgage-backed securities	(307,670)	(83,978)
Other assets and accounts receivable, net	(2,440)	(1,959)
Accrued interest payable	8,264	2,831
Deferred inflows/outflows	1,216	3,592
Other liabilities	260	356
Accrued compensated absences	16	-
Unearned compliance and commitment fees, net	2,461	2,318
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>\$ (289,704)</u>	<u>\$ (98,823)</u>

See notes to the financial statements.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025 AND 2024**

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**1. AUTHORITY LEGISLATION**

The Authority is a public corporation created, organized, and existing under Act No. 80-585 (the Act) originally enacted by the Legislature of the State of Alabama at its 1980 regular session. Pursuant to the Act, as amended, the Authority is authorized, among other things, to issue bonds to finance residential housing for persons and families of low and moderate income in the State of Alabama. The Authority is a component unit of the State of Alabama.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Authority's accounts are organized as funds, which include accounts of the assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses of the Authority's Single Family Mortgage Revenue Bond Programs (Single Family Programs), Federal Programs, the Housing Assistance Fund, and the General Fund. Single Family Programs account for the proceeds from the bonds issued, the debt service requirements of the bonds and the related program investments, as required by the bond resolutions established under the trust indentures of each program.

The Authority uses the accrual method of accounting. The Authority's Funds – Single Family Programs, Federal Programs, Housing Assistance, and General – have been presented on a combined basis, as the Authority is considered a single enterprise fund for financial reporting purposes. Current assets include cash and amounts convertible into cash during the next normal operating cycle or one year. Current liabilities include those obligations to be liquidated with current assets. All inter-fund balances and transactions have been eliminated in the accompanying financial statements. Revenues and expenses from the Single Family Programs, Housing Assistance, and General Funds are reported as operating revenues and expenses.

Federal Program receipts are recognized in proportion to Federal Program expenditures as incurred. Federal Program activities are reported in nonoperating revenues (expenses) in the accompanying financial statements, in accordance with Governmental Accounting Standards Board (GASB) No. 24, *Accounting and Financial Reporting for Certain Grants and Financial Assistance*.

**Use of Estimates in the Preparation of Financial Statements**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect 1) the reported amounts of assets and liabilities, 2) the disclosure of contingencies at the date of the financial statements, and 3) revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fair Value Application and Measurement**

Fair value is applied to assets and liabilities that the Authority hold primarily for the purpose of income or profit and that have a present service capacity based solely on their ability to generate cash or to be sold to generate cash. The Authority categorizes its fair value measurements within the value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based upon valuation inputs used to measure the fair value of the respective asset or liability. Level 1 inputs include quoted prices in active markets for identical assets. Level 2 inputs include observable inputs other than quoted prices included in Level 1 inputs. Level 3 inputs include unobservable inputs.

**Cash on Deposit**

Cash on deposit represents funds on deposit with various financial institutions and uninvested funds held by the Trustees of the Authority's various bond programs. At September 30, 2025, all cash on deposit held by the Authority's trustees was in the name of the Authority. Cash on deposit consists of unrestricted and restricted cash totaling \$61,110,000 and \$45,566,000 as of September 30, 2025 and 2024, respectively. All cash on deposit at September 30, 2025 and 2024, was covered by federal depository insurance or collateralized by the various financial institutions.

**Investments**

The Act authorizes the Authority to invest in bonds or other obligations issued or guaranteed by the U.S. Government, any agency thereof, or the State of Alabama. In addition, the Authority may invest in interest-bearing bank and savings and loan association deposits, any obligations in which a State chartered savings and loan association may invest its funds, any agreement to repurchase any of the foregoing, or any combination thereof. Each of the trust indentures established under the Authority's bond programs contains further restrictions on the investment of nonexpended bond proceeds; however, each trust indenture must be consistent with the Authority's authorizing legislation with respect to the definition of eligible investments.

Investments consist of temporary and debt service reserve funds established under the provisions of each trust indenture and investments of the Authority's General and Housing Assistance Funds. All investments are reported at fair value.

The Authority follows the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 addresses disclosures on deposits and investments, focusing on common investment risks related to interest rate risk, credit risk, custodial credit risk, foreign currency risk, and concentration of credit risk.

**Mortgage-Backed Securities**

Mortgage-backed securities consist of Ginnie Mae, Fannie Mae, and Freddie Mac pass-through certificates, substantially all of which are pledged either as security for the Single Family Mortgage Revenue Bonds or for obligations under reverse repurchase agreements. The fair value of program investments is based on quoted market prices obtained from an independent financial news and information service, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable investments.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Mortgage-Backed Securities – Continued**

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments, including mortgage-backed securities, are recorded at fair value, and unrealized gains or losses are reported in the statements of revenues, expenses, and changes in net position. The Authority records a portion of net unrealized gains on investment securities as a liability to the extent that such gains would be rebateable to the United States government under Section 103A of the Internal Revenue Code, as amended (the Code), for tax-exempt bond issues sold after 1981. The Code requires that such excess investment earnings be rebated to certain single family borrowers upon payoff of their respective mortgages or remitted to the Internal Revenue Service. Gains on sales of securities in these bond issues would create excess rebateable earnings. There were no such rebateable earnings for the years ended September 30, 2025 or 2024.

**Commitment Fees**

Returnable commitment fees are deferred and recognized as income at the time they are no longer returnable. Commitment fees related to loans pooled and sold in secondary markets are recognized upon receipt.

**Mortgage Loans Receivable**

Mortgage loans that the Authority has the ability and intent to hold for the foreseeable future are carried at their unpaid principal balances less an allowance for loan losses. Management determines the allowance for loan losses based on historical losses and current economic conditions as well as its evaluation of the loan portfolio and the underlying security.

**Mortgage Loans Held for Sale**

Mortgage loans held for sale are recorded at the lower of cost or fair value. The Authority routinely enters into contracts with various investors to sell these loans in secondary markets and had commitments to deliver mortgage-backed securities at September 30, 2025. The fair value of committed loans is based upon commitment prices. See note 10, Derivative Instruments.

**Derivative Instruments**

The Authority enters into various forward sales contracts as part of its overall funding strategy. The objective of these financial instruments is to hedge the interest rate risk inherent in purchasing mortgage loans held for sale. The Authority has recorded the fair market value of its derivative investments on the financial statements and has evaluated and measured their effectiveness.

**Federal Programs Loans Receivable**

HOME Program loans are designed to assist very low-income tenants, and, as such, some mortgages originated under the program are structured in such a way that repayment will only occur in limited circumstances.

The TCAP Program, authorized by the American Recovery and Reinvestment Act of 2009, is designed to assist housing developments financed with Low-Income Housing Tax Credits.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Federal Programs Loans Receivable – Continued**

The ERA and ERA2 Programs, authorized by the U.S. Department of Treasury, are designed to provide rental and utility assistance grants to tenants affected by the coronavirus.

The MAA Program, authorized by the U.S. Department of Treasury, is designed to provide mortgage assistance grants to homeowners affected by the coronavirus.

The HOME-ARP Program, authorized by the U.S. Department of Housing and Urban Development (HUD), is designed to assist individuals or households who are homeless or at risk of being homeless by providing housing or rental assistance.

**Right-To-Use Capital Assets and Lease Liabilities**

The Authority is party to leases of nonfinancial assets as a lessee. The Authority recognizes a lease liability and an intangible right-to-use lease asset in the statements of net position.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with unrestricted noncurrent assets, and lease liabilities are reported within current and noncurrent liabilities on the statements of net position.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Subscription-Based Information Technology Arrangements**

The Authority is party to several subscription-based information technology arrangements (SBITAs). The Authority recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide and proprietary financial statements of net position. The Authority recognizes subscription liabilities with an initial term greater than twelve months and an individual value of \$5,000 or more. Remaining subscription terms range from 1 to 3 years with varying payments due. For SBITAs with a maximum possible term of 12 months or less at commencement, the Authority recognizes expenses/expenditures based on the provisions of the arrangement.

At the commencement of a SBITA, the Authority initially measures the subscription liability at the present value of expected subscription payments to be made over the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or the subscription term.

Key estimates and judgments related to SBITAs include how the Authority determines (1) the discount rate used to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The Authority uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate. The subscription term includes the noncancellable period during which the Authority has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend if reasonably certain the Authority or vendor will exercise that option or to terminate if it is reasonably certain that the Authority or vendor will not exercise that option. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of a SBITA and will remeasure subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the liability. Subscription assets are reported with unrestricted noncurrent assets, and subscription liabilities are reported within current and noncurrent liabilities on the statements of net position.

The Authority capitalizes qualifying initial implementation costs as part of the subscription asset. Preliminary project stage outlays are expensed as incurred. Operation and additional implementation stage activities are expensed as incurred unless they meet specific capitalization criteria.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025 AND 2024**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**New Accounting Principles**

GASB has issued the following standards effective for fiscal year 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. In the opinion of management, this standard does not have a material impact on the Authority's financial position given current operations and obligations.

GASB has issued the following standards effective for fiscal year 2025:

GASB Statement No. 101, *Compensated Absences*. This standard updates the recognition and measurement guidance for compensated absences aligning them under a unified model. The authority has implemented GASB Statement No. 101, *Compensated Absences* in fiscal year 2024 and the effects can be seen in Note 15, *Accrued Compensated Absences*.

GASB Statement No. 102, *Certain Risk Disclosures*. The Authority has implemented GASB Statement No. 102, *Certain Risk Disclosures*. In the opinion of management, this standard did not have an impact on the Authority's financial statement disclosures.

GASB has issued the following standards effective for fiscal year 2026:

GASB Statement No. 103, *Financial Reporting Model Improvements*. Management has not studied fully the standards but is of the opinion that any impact will be minimal.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Management has not studied fully the standards but is of the opinion that any impact will be minimal.

**Debt Financing Costs**

The Authority follows the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Issuance costs on bonds are expensed as incurred.

**Mortgage Loan Servicing**

As of September 30, 2025 and 2024, the Authority serviced \$9,084,953,000 and \$7,695,995,000, respectively, in mortgage loans. Escrow balances associated with these loans are not included in the statements of net position of the Authority.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025 AND 2024**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Mortgage Loan Servicing – Continued**

The mortgage loan servicing portfolio by state consisted of the following at September 30, 2025 (\$ in thousands):

Alabama	\$ 1,831,221	20%
Arkansas	1,229,183	14%
Mississippi	170,004	2%
Missouri	545,092	6%
North Carolina	5,296,524	58%
Other	<u>12,929</u>	<u>0%</u>
	<u>\$ 9,084,953</u>	<u>100%</u>

The mortgage loan servicing portfolio by state consisted of the following at September 30, 2024 (\$ in thousands):

Alabama	\$ 1,434,126	19%
Arkansas	999,464	13%
Mississippi	186,783	2%
Missouri	606,815	8%
North Carolina	4,455,941	58%
Other	<u>12,866</u>	<u>0%</u>
	<u>\$ 7,695,995</u>	<u>100%</u>

**Mortgage Servicing Rights**

The Authority follows the provisions of GASB Statement No. 62, entitled *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements*. In accordance with those standards, the cost of mortgage servicing rights is amortized in proportion to, and over the period of, estimated net servicing revenue. The amount originally capitalized is adjusted based on whether related loans are pooled and sold in secondary markets or maintained by the Authority.

**Other Real Estate Owned**

The Authority states its other real estate owned acquired through foreclosure without further obligation to security holders, which is included in mortgage loans receivable, net, at the lower of cost or fair value at the date of foreclosure. Fair value is determined based on independent appraisals and other relevant factors. Any write-down to fair value is charged to the allowance for loan losses.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Pool Buyouts**

The Authority holds certain mortgages purchased out of respective Ginnie Mae, Freddie Mac, or Fannie Mae pooled loans being serviced by the Authority. These are insured loans that are in the process of foreclosure for which the Authority anticipates receiving claim proceeds from the respective investor or guarantor.

**Deferred Outflows of Resources**

Deferred outflows of resources include pension-related deferred outflows, which result from the Authority's Employees' Pension Plan (Pension Plan). Pension-related deferred outflows represent differences between expected and actual experience, changes in assumptions and amounts resulting from timing differences of contributions made subsequent to the Pension Plan measurement dates but as of the date of the basic financial statements. Pension-related deferred outflows are recognized over a closed period and are amortized over the remaining average service life of all participating active and inactive employees.

**Deferred Inflows of Resources**

Deferred inflows of resources include pension-related deferred inflows, which represent the difference between projected and actual earnings on investments within the Pension Plan, are recognized over a closed period, and are amortized over a five-year period.

**Net Pension Liability**

Net pension liability represents the portion of the present value of projected benefit payments attributed to past periods of service to be provided through the Pension Plan to current active and inactive employees less the fiduciary net position of the Pension Plan. It represents the Authority's total pension liability minus the fiduciary net position available to pay that liability. Investments that comprise the fiduciary net position are reported at fair value.

**Pension Plan Expense**

The Authority is required to measure and disclose amounts relating to net pension liability, deferred outflows of resources and deferred inflows of resources, pension expense, and the fiduciary net position of the Pension Plan. Actuarially determined periodic contributions are made by the Authority in order to maintain sufficient assets to pay benefits when due.

**Compensated Absences**

The liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

**ALABAMA HOUSING FINANCE AUTHORITY  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Compensated Absences – Continued**

Generally, all permanent full-time employees are entitled to accrue and carry forward calendar year-end maximums of 180 sick days and no days of vacation leave. Upon termination of employment, qualified employees are entitled to payment for accumulated unused vacation leave. Employees are not entitled to payment for unused sick leave balances at termination. Annually, at fiscal year-end, the authority calculates and records a liability for compensated absences based on total eligible balance of unused employee leave. The liability is calculated using the current employee salary and related benefits data and is reported on the statements of net position under current and noncurrent liabilities as appropriate.

**Reclassification of Prior Year Presentation**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported changes in net position.

**Subsequent Events**

The Authority has evaluated subsequent events through December 10, 2025, which is the date the financial statements were available to be issued. See note 17, Subsequent Events.

**3. MORTGAGE-BACKED SECURITIES**

Mortgage-backed securities held by the Authority include securitized mortgage obligations, backed by pools of single family mortgage loans originated under the Authority's program guidelines. These securities are "fully modified pass-through" mortgage-backed securities which require monthly payments by an FHA-approved, a Fannie Mae-approved, or a Freddie Mac-approved lender, as the issuers of the guaranteed securities, and are registered in the Authority's name. Ginne Mae, Fannie Mae, and Freddie Mac guarantee timely payment of principal and interest on guaranteed securities. The cost of the Authority's mortgage-backed securities at September 30, 2025 and 2024, was \$442,698,000 and \$135,025,000, respectively. At September 30, 2025, mortgage-backed securities had interest rates ranging from 4.54% to 7.70%

Fair value of the Authority's mortgage-backed securities is measured by Level 1 inputs based upon quoted prices in active markets. As a result of changes in the fair value of mortgage-backed securities, the Authority recorded net unrealized gains of \$1,467,000 and \$2,382,000 for the years ended September 30, 2025 and 2024, respectively. Interest rates may adversely affect the fair value of the mortgage-backed securities; however, it is the intention of the Authority to hold these securities until the underlying loans are paid in full.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**4. INVESTMENTS**

Investments consisted of the following at September 30 (\$ in thousands):

<u>Investment Type</u>	<u>2025</u>	<u>% of Total</u>	<u>2024</u>	<u>% of Total</u>
Money Market Funds	\$ 170,248	63%	\$ 205,370	63%
US Treasury Securities	101,178	37%	118,367	37%
	<u>\$ 271,426</u>	<u>100%</u>	<u>\$ 323,737</u>	<u>100%</u>

**Fair Value**

The fair value of the Authority's investments is measured by Level 1 inputs based upon quoted prices in active markets and consisted of the following at September 30 (\$ in thousands):

<u>Investments</u>	<u>2025</u>	<u>2024</u>
Federated Government Obligations	\$ 77,088	\$ 61,321
Federated US Treasury Cash Reserves	18,827	29,120
Federated Money Market	275	266
First American Government Obligations	74,058	114,663
US Treasury Securities	<u>101,178</u>	<u>118,367</u>
Total investments	<u>\$ 271,426</u>	<u>\$ 323,737</u>

The cost of investments at September 30, 2025 and 2024, was \$271,243,000 and \$323,451,000, respectively. As a result of changes in the fair value of investments, the Authority recorded net unrealized (losses) and gains of \$(104,000) and \$377,000 for the years ended September 30, 2025 and 2024, respectively.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Authority. Investments for each bond issue are those permitted by the various bond indentures and rating agencies. (See "Summary of Significant Accounting Policies – Investments" for additional information concerning permitted investments of the Authority.) As of September 30, 2025, the Authority's investments in money market funds and US Treasury Securities were rated Aa1 by Moody's Investor Services meeting the criteria of the Authority and the respective bond issue rating agencies.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of the investment portfolio. Investment maturities will coincide with anticipated debt service payment dates and expected cash flow obligations associated with the respective bond maturities and obligations for the Authority's bond programs and other funds. Trust indentures, market conditions, rates of return, interest rate spreads, and other factors influence maturity selection for all funds in excess of those required to meet projected cash flow obligations. Investments are generally designed to match the life of their related liabilities at fixed interest-rate spreads.

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**4. INVESTMENTS – CONTINUED**

Investment Type	Fair Value	Investment Maturities in Years (\$ in thousands)			
		Less than 1	1–5	6–10	More than 10
Money Market Funds	\$ 170,248	\$ 170,248	\$ -	\$ -	\$ -
US Treasury Securities	101,178	101,178	-	-	-
	<u>\$ 271,426</u>	<u>\$ 271,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the use of a custodial agent, the Authority may not be able to recover the value of its investments or collateral securities that are in possession of that outside party. All investments in the General and Housing Assistance funds are held in safekeeping or custodial accounts at approved safekeeping agents of the Authority in the Authority's name. All investments in the Authority's bond issues are registered in the name of the issues' designated trustee.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in a single type of security. The table below lists all investments by investment provider and type as of September 30, 2025 (\$ in thousands).

Provider	Money Market Funds	US Treasury Securities	Total	Percent
Federated Government Obligations	\$ 77,088	\$ -	\$ 77,088	29%
Federated U.S. Treasury Cash Reserves	18,827	-	18,827	7%
Federated Money Market	275	-	275	0%
First American Government Obligations	74,058	-	74,058	27%
US Treasury Securities	-	101,178	101,178	37%
Total	<u>\$ 170,248</u>	<u>\$ 101,178</u>	<u>\$ 271,426</u>	<u>100%</u>

Investments are classified in the accompanying statements of net position as follows (\$ in thousands):

	2025	2024
Current assets – investments	\$ 77,088	\$ 61,321
Current assets – restricted investments	194,338	261,476
Noncurrent assets – restricted investments	-	940
	<u>\$ 271,426</u>	<u>\$ 323,737</u>

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**5. MORTGAGE LOANS**

The Authority's Single Family Programs are designed to provide mortgage loans to qualified homebuyers within the State of Alabama. The Authority's guidelines generally require the mortgage loans to be either FHA-insured, guaranteed by the Department of Veterans Affairs, USDA Rural Development insured or conventionally financed with traditional primary mortgage insurance.

The Authority's Single Family Program guidelines allow for down payment assistance of up to 4.0% of the sales price and a maximum amount of \$10,000. Current program guidelines require the loan to bear the same interest rate as the first mortgage of the property being purchased and be amortized over a 10-year period with 120 equal monthly principal and interest payments.

The Authority provides permanent financing of home mortgages to Alabama Habitat for Humanity affiliates to help further the affiliates goal of providing safe, decent, and affordable housing to low-income Alabamians. The loans bear an interest rate of 0% and require equal monthly principal payments over the life of the loan and must not exceed a 30-year term.

Mortgage loans receivable, net of the allowance for loan losses consisted of the following at September 30 (\$ in thousands):

	<b>2025</b>	<b>2024</b>
Mortgage loans receivable (2.88% to 7.20%):		
Conventional	\$ 2,254	\$ 2,542
Down payment assistance/Habitat for Humanity loans (0% to 8.13%)	44,364	34,552
Pool buyouts and other real estate	11,787	10,378
	58,405	47,472
Less allowance for loan losses	(18,040)	(13,283)
Total mortgage loans receivable, net	\$ 40,365	\$ 34,189

Mortgage loans receivable are classified in the accompanying statements of net position as follows at September 30 (\$ in thousands):

	<b>2025</b>	<b>2024</b>
Current assets – Mortgage loans receivable, net	\$ 4,848	\$ 4,152
Noncurrent assets – Mortgage loans receivable, net	35,517	30,037
	\$ 40,365	\$ 34,189

**ALABAMA HOUSING FINANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**6. MORTGAGE LOANS HELD FOR SALE**

Mortgage loans held for sale to be securitized as mortgage-backed securities and sold by the Authority are reported at fair value measured by Level 2 inputs based on observable quoted prices of similar assets. Mortgage loans held for sale to be securitized as mortgage-backed securities for other entities are reported at cost. Mortgage loans held for sale were \$77,736,000 and \$102,093,000 as of September 30, 2025 and 2024, respectively.

**7. OBLIGATIONS UNDER REVERSE REPURCHASE AGREEMENTS**

Obligations under reverse repurchase agreements represent obligations whereby the Authority enters into a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. In June of 2025, the Authority paid off the outstanding repurchase agreement. The Authority had obligations under reverse repurchase agreements of \$0 and \$10,330,000 as of September 30, 2025 and 2024, respectively, which were collateralized by securities with fair values totaling \$0 and \$13,344,000, as of September 30, 2025 and 2024, respectively.

The market value of the securities underlying the reverse repurchase agreements normally exceeds the cash received, providing the dealer a margin against a decline in the market value of the securities. If the dealer defaults on their obligation to resell these securities to the Authority or provide securities or cash of equal value, the Authority would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. There was no credit exposure as of September 30, 2025 and 2024.

**8. BONDS PAYABLE**

Bonds payable are limited obligations of the Authority and are not a debt or liability of the State of Alabama or any subdivision thereof. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, monies, investments, mortgage loans, and other assets in the funds and accounts of the program under which such bonds were issued. The provisions of the applicable trust indentures require or allow for redemption of bonds through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and program certificates. All outstanding bonds are subject to redemption at the option of the Authority, in whole or in part at any time after certain dates, as specified in their respective series indenture.

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**8. BONDS PAYABLE – CONTINUED**

Bonds payable consisted of the following at September 30 (\$ in thousands):

	<u>Outstanding</u>		<u>Original Maturity Value</u>
	<u>2025</u>	<u>2024</u>	
Single Family Bond programs:			
2000/2003 Step Up Program (4.42% to 7.80%), due 2032 to 2036	\$ 5,422	\$ 5,952	\$ 128,927
2016 Series A (2.43%), due 2026	1,000	1,000	1,000
2003 First Step Program (4.82% to 5.09%), due 2036	78	85	793
2024 First Step Series A (3.40% to 5.75%), due 2025 to 2055	35,672	35,847	35,000
2024 First Step Series B (3.40% to 6.00%), due 2026 to 2055	76,988	77,115	75,000
2024 First Step Series C (3.15% to 5.75%), due 2026 to 2055	76,891	77,005	75,000
2024 First Step Series D (3.10% to 5.75%), due 2026 to 2056	77,286	-	75,000
2025 First Step Series A (3.05% to 5.75%), due 2027 to 2056	76,814	-	75,000
2025 First Step Series B (3.25% to 6.00%), due 2027 to 2056	<u>102,866</u>	<u>-</u>	100,000
	453,017	197,004	
Less current maturities	<u>(4,601)</u>	<u>(743)</u>	
Noncurrent maturities	<u>\$ 448,416</u>	<u>\$ 196,261</u>	

Principal and interest payments on bonds after 2025 are scheduled as follows (\$ in thousands):

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 4,601	\$ 19,946
2027	6,435	21,333
2028	6,740	21,077
2029	7,070	20,804
2030	7,410	20,512
Thereafter	<u>420,761</u>	<u>319,837</u>
	<u>\$ 453,017</u>	<u>\$ 423,509</u>

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**9. NET POSITION**

The Authority's net position is comprised of the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. The net position is classified in the following three components: investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Investment in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net position consists of all other net position not included in the above categories.

The various trust indentures generally permit transfers to the Authority's General Fund for administrative fees and reimbursements of costs associated with the administration of the bond programs. Otherwise, the cash and investments of the various Program Funds are retained in the trust indentures to satisfy debt service obligations with respect to the applicable bonds, and are restricted to this purpose. Such amounts are reflected as restricted components of net position.

**10. DERIVATIVE INSTRUMENTS**

At September 30, 2025, the Authority had \$17,259,000 in forward sales commitments to issue Ginnie Mae and Freddie Mac securities securitized by single family loans. These instruments are utilized to hedge changes in fair value of mortgage loans held for sale and interest rate risk on commitments to purchase mortgage loans from originating mortgage lenders. The Authority is subject to market value fluctuations in the event that mortgage loans are not originated as expected and the committed securities cannot be delivered.

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**10. DERIVATIVE INSTRUMENTS – CONTINUED**

The Authority is subject to credit risk with respect to counterparties to the forward sales commitment contracts summarized as follows (\$ in thousands):

<u>Delivery Date</u>	<u>Coupon Rate</u>	<u>Outstanding Notional Amount</u>	<u>Fair Values</u>	<u>Counterparty Credit Rating</u>
<i>Freddie Mac</i>				
October 2025	6.625%	\$ 285	\$ (4)	Aa1
October 2025	6.75%	68	(3)	Aa1
October 2025	6.75%	275	(5)	Aa1
October 2025	6.75%	284	(5)	Aa1
October 2025	6.75%	347	(5)	Aa1
		<u>1,259</u>	<u>(22)</u>	
<i>Ginnie Mae</i>				
October 2025	6.50%	10,000	(100)	A2
October 2025	6.00%	6,000	(10)	A3
		<u>16,000</u>	<u>(110)</u>	
		<u>\$ 17,259</u>	<u>\$ (132)</u>	

**11. CONDUIT DEBT**

From time to time, the Authority issues bonds to provide multifamily housing for the citizens of Alabama. The Authority functions as a conduit to provide tax-exempt financing. These bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State of Alabama, and accordingly, have not been reported in the accompanying financial statements.

The Authority does not actively monitor the operating performance or financial condition of the multifamily properties financed by the bonds. Multifamily mortgage loans are collateralized by varying methods, including first liens on multifamily residential rental properties located within the State of Alabama, short-term investments, letters of credit, surety bonds, and guarantees provided by third parties. The Authority has no obligation for the bonds beyond these resources.

All variable rate bonds bear interest at a weekly rate until maturity or earlier redemption. The remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price equal to 100% of the principal amount of the bonds outstanding, with each rate not exceeding maximum rates permitted by law.

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**11. CONDUIT DEBT – CONTINUED**

Conduit debt consisted of the following at September 30 (\$ in thousands):

	<b>Aggregate Principal Outstanding</b>		<b>Original Maturity Value</b>
	<b>2025</b>	<b>2024</b>	
2000 Series A (variable), due 2030	\$ -	\$ 3,700	\$ 6,000
2005 Series E & F (variable), due 2035 and 2038	21,550	21,550	21,550
2008 Series B (variable), due 2030	2,359	2,496	4,130
2012 Series A (4.96%), due 2032	2,141	2,208	13,000
2015 Series A (4.15%), due 2032	-	4,064	7,280
2017 Series A (5.00%), due 2034	10,874	11,013	12,460
2019 Series A (4.43%), due 2037	7,200	8,400	9,600
2021 Series A (1.25%), due 2025	-	14,270	14,270
2022 Series A, B, C, F, G, H (2.00% to 5.00%), due 2040	37,093	90,902	37,316
2023 Series B, C, D (5.00% to 5.23%), due 2027 to 2041	19,935	31,735	19,935
2024 Series A, B, C (4.45% to 5.00%), due 2027 to 2045	72,753	-	72,753
2025 Series A, B (3.125% to 5.10%), due 2029 to 2043	<u>28,000</u>	<u>-</u>	<u>28,000</u>
	<b><u>\$ 201,905</u></b>	<b><u>\$ 190,338</u></b>	

Principal and interest payments on conduit debt after 2025 are scheduled as follows (\$ in thousands):

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 546	\$ 8,116
2027	3,541	9,072
2028	29,381	8,252
2029	55,025	6,307
2030	637	5,081
Thereafter	<u>112,775</u>	<u>46,238</u>
	<b><u>\$ 201,905</u></b>	<b><u>\$ 83,066</u></b>

**ALABAMA HOUSING FINANCE AUTHORITY  
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## **12. RETIREMENT PLANS**

### **Defined Contribution Plan**

Substantially all full-time employees of the Authority participate in a defined contribution retirement plan, the Alabama Housing Finance Authority Retirement Plan (the Retirement Plan), which provides retirement benefits to participants. The Retirement Plan is administered by an independent, third-party administrator. To be eligible, an employee must meet certain age and service requirements. Once an employee is eligible, participation is mandatory. Each employee must contribute 5% of their compensation to the Retirement Plan each pay period. The Authority contributes an amount equal to 7% of each participant's compensation each pay period. The Authority's contributions to the Retirement Plan were \$821,000 and \$775,000, in fiscal 2025 and 2024, respectively. The employees' contributions to the Retirement Plan were \$586,000 and \$554,000, in fiscal 2025 and 2024, respectively. The employees vest in the Authority's contribution based upon a six-year vesting schedule.

### **Defined Benefit Plan**

#### **Plan Description**

The Authority established the Alabama Housing Finance Authority Employees' Pension Plan (the Pension Plan), a single-employer defined benefit pension plan, on September 26, 2002. All Pension Plan investments are reported at fair value. The Pension Plan provides retirement, death, disability, and termination benefits to participants and beneficiaries.

Benefit provisions are established by the Board of Directors (the Board) under a formal, written plan document and assets are held under a separate tax-qualified plan trust. Those provisions can only be amended by the Board. The plan and trust information can be obtained from the Alabama Housing Finance Authority, 7460 Halcyon Pointe Drive, Suite 200, Montgomery, AL 36117. A separate stand-alone financial report for the Pension Plan is available.

#### **Benefits Provided**

An employee is eligible to participate in the Pension Plan on the next October 1 or April 1 following the completion of six months service and attainment of age 21. A participant's normal retirement date is age 65, or five years' participation, if later. A participant is eligible for early retirement upon attainment of age 55 and 10 years of service. In addition, a participant is entitled to a vested benefit based on years of service as follows: 3 years 20%, 4 years 40%, 5 years 60%, 6 years 80%, and 7 or more years 100%. In addition, in the event of death or qualifying disability, benefits are 100% vested and are available to be paid immediately.

A participant's normal retirement benefit payable at normal retirement as a life annuity is equal to 2% of an employee's average compensation multiplied by years of credited service. Average compensation is based on the 36 highest consecutive months that results in the highest average. Credited service is based on 1,000 hours per plan year and is determined from date of hire (with maximum of 25 years). Certain special service rules applied before May 1, 2015. Normal retirement benefits are paid monthly and can be paid in other forms of annuities as elected by the participant including single payment lump sums.

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**12. RETIREMENT PLANS – CONTINUED**

**Defined Benefit Plan – Continued**

**Benefits Provided – Continued**

Benefits paid at early retirement are the actuarial equivalent normal retirement benefit. Benefits payable at death, disability, or vested benefits are the actuarial equivalent single sum value of the normal retirement benefit. Lump sums are based on the actuarial equivalent factors, or the IRS minimum lump sum basis, if higher.

	<b>2025</b>	<b>2024</b>
Inactive employees receiving benefits	1	-
Inactive employees entitled to but not receiving benefits	1	1
Active employees	157	145
	159	146

**Contributions**

Contribution requirements and benefit provisions of the Pension Plan are established by the Board. The funding policy provides for actuarially determined periodic contributions of amounts that will enable sufficient assets to pay benefits when due. The funding basis has been the range of contributions from the minimum (Minimum Required Contribution) to maximum deductible under federal pension laws related to applicable pension plans. Contributions have been determined under the funding laws under the Pension Protection Act of 2006 and later related funding law changes.

Contributions were \$2,000,000 and \$2,352,000, equaling approximately 18.36% and 22.54% of payroll of covered participants for the years ended September 30, 2025 and 2024, respectively.

**Investments**

Policies pertaining to the allocation of investments within the Pension Plan are established by the Authority. It is the policy of the Authority to invest pension assets in securities that provide growth and income while maintaining a balanced level of risk tolerance. The following illustrates the approved asset allocation policy for the years ended September 30, 2025 and 2024:

	<b>% Range of Allocation</b>		
	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
<b>Investment Type:</b>			
Large cap domestic equity securities	15%	30%	50%
Small-Mid cap domestic equities	0%	10%	20%
International equity	0%	10%	20%
Fixed income and cash equivalent securities	30%	50%	60%
Alternatives	0%	0%	15%

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**12. RETIREMENT PLANS – CONTINUED**

**Defined Benefit Plan – Continued**

**Investments – Continued**

Permitted securities in which assets of the Pension Plan may be invested include any of the following:

Equity Securities

- US common and preferred stocks
- US equity mutual funds
- Equity exchange traded funds
- International equity mutual funds

Fixed Income Securities/Cash Equivalents

- US government
- US mortgage and asset-backed
- US corporate bonds
- Taxable municipal bonds
- Fixed income mutual funds
- Fixed income exchange traded funds
- Money market mutual funds
- Money market exchange traded funds
- Cash

Alternatives

- Real estate mutual funds
- Real estate exchange traded funds
- Multi-alternatives strategy mutual funds
- Multi-alternative strategy exchange traded funds

The fair value of investments is determined by market prices.

As of September 30, 2025 and 2024, there were no concentrations of investments in any organization that represented 5% or more of the Pension Plan's fiduciary net position.

For years ended September 30, 2025 and 2024, the estimated annual weighted rate of return based on the Bankers Index Method (BAI) was 10.26% and 20.97%, respectively. The BAI rate of return expresses investment performance, net of investment expense, adjusted for the amounts actually invested with contributions and disbursements deemed to be made uniformly throughout the year.

The assumed discount rate related to plan investments was 7.00%.

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**12. RETIREMENT PLANS – CONTINUED**

**Defined Benefit Plan – Continued**

**Investments – Continued**

The fiduciary net position of the Pension Plan at September 30, 2025 and 2024 was invested as follows (\$ in thousands):

	<b>2025</b>	<b>2024</b>
Cash equivalents	\$ 2,348	\$ 2,565
Equity securities	17,523	15,963
Fixed income securities	14,097	12,237
Total	\$ 33,968	\$ 30,765

**Actuarial Assumptions**

The Pension Plan was measured as of September 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates.

The total pension liability in the September 30, 2025 and 2024 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>Rate</b>
Inflation	3.00%
Salary increases	4.50%
Investment rate of return	7.00%

Mortality rates used in the September 30, 2025 actuarial valuation were based on the 2025 Applicable Mortality Table for small plans under the minimum funding requirements of IRC Section 430. Mortality rates used in the September 30, 2024 actuarial valuation were based on the 2024 Applicable Mortality Table for small plans under the minimum funding requirements of IRC Section 430. Retirements were assumed based on each participant’s normal retirement date with benefits payable in the form of a lump sum based on applicable lump sum rates. Prior to retirement, turnover was based on the T-1 withdrawal rates which reflects lower turnover.

The long-term expected rate of return on the Pension Plan, based on using best-estimate ranges of expected future real rates of return (expected returns, net of inflation), was developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding future inflation.

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**12. RETIREMENT PLANS – CONTINUED**

**Defined Benefit Plan – Continued**

**Actuarial Assumptions – Continued**

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the years ended September 30, 2025 and 2024 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Long-Term Rate of Return</u>
Equity	50%	5% – 8%
Fixed Income	50%	2% – 5%

The discount rate used to measure the total pension liability at September 30, 2025 and 2024 was 7.00%. The Pension Plan's fiduciary net positions are projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension (Asset) Liability (\$ in thousands)**

	<u>Total Pension Liability (A)</u>	<u>Pension Fiduciary Net Position (B)</u>	<u>Net Pension (Asset) Liability (A) - (B)</u>
Balances at October 1, 2024	\$ 22,487	\$ 30,588	\$ (8,101)
Service cost	1,650	-	1,650
Interest cost	1,689	-	1,689
Differences between expected and actual experience	(114)	-	(114)
Changes in assumptions	2	-	2
Contributions – employer	-	2,000	(2,000)
Net investment income	-	3,136	(3,136)
Benefit payments, including refunds of member contributions	(2,014)	(2,014)	-
Net changes	<u>1,213</u>	<u>3,122</u>	<u>(1,909)</u>
Balances at September 30, 2025	<u>\$ 23,700</u>	<u>\$ 33,710</u>	<u>\$ (10,010)</u>

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**12. RETIREMENT PLANS – CONTINUED**

**Defined Benefit Plan – Continued**

**Changes in the Net Pension (Asset) Liability (\$ in thousands) – Continued**

	<u>Total Pension Liability (A)</u>	<u>Pension Fiduciary Net Position (B)</u>	<u>Net Pension (Asset) Liability (A) - (B)</u>
Balances at October 1, 2023	\$ 20,106	\$ 24,388	\$ (4,282)
Service cost	1,514	-	1,514
Interest cost	1,513	-	1,513
Differences between expected and actual experience	721	-	721
Changes in assumptions	2	-	2
Contributions – employer	-	2,352	(2,352)
Net investment income	-	5,217	(5,217)
Benefit payments, including refunds of member contributions	<u>(1,369)</u>	<u>(1,369)</u>	<u>-</u>
Net changes	<u>2,381</u>	<u>6,200</u>	<u>(3,819)</u>
Balances at September 30, 2024	<u>\$ 22,487</u>	<u>\$ 30,588</u>	<u>\$ (8,101)</u>

The change in assumptions reflected in the changes in net pension (asset) liability for the years ended September 30, 2025 and 2024 was the result of basing the valuation on the 2024 and 2023 Applicable Mortality Tables in lieu of the 2025 and 2024 Applicable Mortality Tables.

**Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate**

The following information presents the net pension (asset) liability calculated using the discount rate of 7.00% as well as net pension (asset) liability using a discount rate that is 1.00% lower or 1.00% higher than the current rate for the years ended September 30 (in thousands):

	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
2025	\$ (8,852)	\$ (10,010)	\$ (11,119)
2024	(7,024)	(8,101)	(9,136)

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**12. RETIREMENT PLANS – CONTINUED**

**Defined Benefit Plan – Continued**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the years ended September 30, 2025 and 2024, the Pension Plan recognized pension income (expense) of \$693,000 and \$227,000, respectively. At September 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources (\$ in thousands):

	<b>2025</b>	<b>2024</b>
<b>Deferred Outflows:</b>		
Net differences between projected and actual earnings on investments	\$ <u>          -</u>	\$ <u>          -</u>
<b>Deferred Inflows:</b>		
Net differences between projected and actual earnings on investments	2,029	942
Differences between expected and actual experience	272	164
Changes in assumptions	<u>43</u>	<u>22</u>
Gross deferred inflows	<u>2,344</u>	<u>1,128</u>
Net deferred (inflows) outflows	<u>\$ (2,344)</u>	<u>\$ (1,128)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (\$ in thousands):

September 30,	
2026	\$ (130)
2027	186
2028	(960)
2029	(884)
2030	(189)
Thereafter	<u>(367)</u>
Net deferred outflows	<u>\$ (2,344)</u>

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**13. RIGHT-TO-USE LEASE LIABILITY**

The Authority leases office space under an agreement expiring in December 2029. Under the terms of the lease agreement, the Authority pays a monthly base fee of approximately \$90,000, with annual escalations.

The Authority used a discount rate of 5.5% (based on the Authority's incremental borrowing rate).

Right-to-use lease liability activity for the years ended September 30, 2025 and 2024 is as follows (\$ in thousands):

	<b>Balance October 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2025</b>
Right-to-use lease liability	\$ 5,537	\$ -	\$ (961)	\$ 4,576
	<b>Balance October 1, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2024</b>
Right-to-use lease liability	\$ 6,320	\$ -	\$ (783)	\$ 5,537

Future principal and interest payments on right-to-use lease liabilities as of September 30, 2025 are as follows (\$ in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 850	\$ 228	\$ 1,078
2027	1,038	173	1,211
2028	1,132	114	1,246
2029	1,237	49	1,286
2030	319	1	320
	4,576	565	5,141
Less current portion	(850)	(228)	(1,078)
Noncurrent right-to-use lease liability	\$ 3,726	\$ 337	\$ 4,063

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**13. RIGHT-TO-USE LEASE LIABILITY – CONTINUED**

As of September 30, 2025 and 2024, total assets related to right-to-use lease liabilities totaled \$3,794,000 and \$4,686,000, respectively, and are included in noncurrent other assets, net, on the statements of net position. Amortization of assets related to right-to-use lease liabilities for the years ended September 30, 2025 and 2024 was \$892,000. Accumulated amortization of assets related to right-to-use lease liabilities as of September 30, 2025 and 2024 was \$4,461,000 and \$3,569,000, respectively. For the years ended September 30, 2025 and 2024, the Authority recorded \$277,000 and \$323,000, respectively, in interest expense related to the right-to-use lease liability.

**14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

The Authority has entered into SBITAs involving:

- Mortgage and lending software including compliance software and data analytics
- Investment software
- Hosting and cloud services

The Authority used a discount rate of 5.5% - 4.5% (based on the Authority's incremental borrowing rate).

SBITA activity for the years ended September 30, 2025 and 2024 is as follows (\$ in thousands):

	<u>Balance</u> <u>October 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30,</u> <u>2025</u>
Subscription liability	\$ 2,739	\$ -	\$ (946)	\$ 1,793
	<u>Balance</u> <u>October 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30,</u> <u>2024</u>
Subscription liability	\$ 3,658	\$ -	\$ (919)	\$ 2,739

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**14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) – CONTINUED**

Future principal and interest payments on subscription liabilities as of September 30, 2025, are as follows (\$ in thousands):

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,065	\$ 73	\$ 1,138
2027	728	20	748
	1,793	93	1,886
Less current portion	(1,065)	(73)	(1,138)
Noncurrent subscription liability	<u>\$ 728</u>	<u>\$ 20</u>	<u>\$ 748</u>

As of September 30, 2025 and 2024, subscription assets recorded under SBITAs totaled \$1,804,000 and \$2,207,000, respectively, and are presented in noncurrent assets, net, on the statements of net position. Amortization of assets recorded under SBITAs for the years ended September 30, 2025 and 2024 was \$843,000 and \$844,000, respectively. Accumulated amortization of assets recorded under SBITAs as of September 30, 2025 and 2024 was \$3,166,000 and \$2,323,000, respectively. For the years ended September 30, 2025 and 2024, the Authority recorded \$117,000 and \$188,000, respectively, in interest expense related to the SBITAs liability.

**15. ACCRUED COMPENSATED ABSENCES**

The Authority adopted GASB Statement No. 101, *Compensated Absences* and retroactively implemented the provisions of the standard as of October 1, 2023. The implementation of this standard provides recognition and measurement under a unified model.

Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 101, *Compensated Absences*.

The Authority has compensated absences consisting of the following:

- Accrued sick leave
- Accrued personal leave
- Employer contributions related to the Retirement Plan
- Salary-related tax payments

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NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025 AND 2024**

**15. ACCRUED COMPENSATED ABSENCES – CONTINUED**

Accrued Compensated Absences liability activity for the years ended September 30, 2025 and 2024 is as follows (\$ in thousands):

	<b>Balance October 1, 2024 (as restated)</b>	<b>Net change</b>	<b>Balance September 30, 2025</b>
Compensated absences liability	\$ 666	\$ 16	\$ 682
	<b>Balance October 1, 2023 (as restated)</b>	<b>Net change</b>	<b>Balance September 30, 2024 (as restated)</b>
Compensated absences liability	\$ 601	\$ 65	\$ 666

**16. EARLY RETIREMENT OF BONDS**

The Authority's mortgage revenue bonds are subject to certain extraordinary redemption provisions. During the years ended September 30, 2025 and 2024, the Authority called approximately \$536,000 and \$805,000 (net of unamortized discounts), respectively, of Single Family Bonds in advance of their scheduled maturities.

**17. SUBSEQUENT EVENTS**

The Authority has evaluated events and transactions that occurred after September 30, 2025 through December 10, 2025, the date the financial statements were available to be issued. Based on this evaluation, the following subsequent events have been identified and disclosed:

The Authority awarded Federal funds totaling \$17,086,000 under the HOME Program.

The Authority awarded Federal funds totaling \$1,572,000 under the Housing Trust Fund.

The Authority awarded Federal funds totaling \$1,537,000 under the Emergency Rental Assistance Program.

The Authority issued approximately \$21,000,000 of multifamily bonds as conduit debt.

The Authority issued approximately \$75,000,000 of Collateralized Single Family Mortgage Revenue Bonds.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ALABAMA HOUSING FINANCE AUTHORITY**  
**SCHEDULES OF CHANGES IN THE AUTHORITY'S NET PENSION**  
**LIABILITY AND RELATED RATIOS**  
**SEPTEMBER 30, 2025 – 2016**  
**(\$ in thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 1,650	\$ 1,514	\$ 1,391	\$ 1,340	\$ 1,565	\$ 1,595	\$ 1,422	\$ 1,215	\$ 1,041	\$ 577
Interest	1,689	1,513	1,386	1,622	1,525	1,268	1,008	873	795	768
Differences between expected and actual experience	(114)	721	(790)	(4,174)	(818)	869	1,101	162	2,072	1,736
Changes in assumptions	2	2	66	53	(149)	(2)	74	16	21	16
Benefit payments	(2,014)	(1,369)	(364)	(2,262)	(499)	(39)	(62)	(543)	(2,991)	(3,169)
Net change in total pension liability	1,213	2,381	1,689	(3,421)	1,624	3,691	3,543	1,723	938	(72)
Total pension liability – beginning	22,487	20,106	18,417	21,838	20,214	16,523	12,980	11,257	10,319	10,391
Total pension liability – ending (A)	23,700	22,487	20,106	18,417	21,838	20,214	16,523	12,980	11,257	10,319
<b>PENSION FIDUCIARY NET POSITION</b>										
Contributions – employer	2,000	2,352	1,700	1,740	1,404	1,660	1,356	2,264	2,293	1,497
Net investment income (loss)	3,136	5,217	1,906	(3,953)	3,121	1,209	818	670	1,166	1,333
Benefit payments	(2,014)	(1,369)	(364)	(2,262)	(499)	(39)	(62)	(543)	(2,991)	(3,169)
Net change in pensions fiduciary net position	3,122	6,200	3,242	(4,475)	4,026	2,830	2,112	2,391	468	(339)
Pensions fiduciary net position – beginning	30,588	24,388	21,146	25,621	21,595	18,765	16,653	14,262	13,794	14,133
Pensions fiduciary net position – ending (B)	33,710	30,588	24,388	21,146	25,621	21,595	18,765	16,653	14,262	13,794
<b>NET PENSION ASSET (A) - (B)</b>	<u>\$ (10,010)</u>	<u>\$ (8,101)</u>	<u>\$ (4,282)</u>	<u>\$ (2,729)</u>	<u>\$ (3,783)</u>	<u>\$ (1,381)</u>	<u>\$ (2,242)</u>	<u>\$ (3,673)</u>	<u>\$ (3,005)</u>	<u>\$ (3,475)</u>
<b>COVERED PAYROLL</b>	\$ 11,743	\$ 10,435	\$ 9,758	\$ 10,327	\$ 9,231	\$ 9,325	\$ 8,957	\$ 8,565	\$ 8,000	\$ 7,415
<b>NET PENSION ASSET AS A PERCENTAGE OF COVERED PAYROLL</b>	85.24%	77.63%	43.88%	26.43%	40.98%	14.81%	25.03%	42.88%	37.56%	46.86%
<b>NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	142.24%	136.03%	121.30%	114.82%	117.32%	106.83%	113.57%	128.30%	126.69%	133.68%

See independent auditors' report.

**ALABAMA HOUSING FINANCE AUTHORITY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS TO AUTHORITY**  
**EMPLOYEES' PENSION PLAN**  
(\$ in thousands)

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Authority</u>	<u>Contribution (Deficiency)/ Excess</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Payroll</u>
2016	\$ 997	\$ 1,497	\$ 500	\$ 7,415	20.19%
2017	1,293	2,293	1,000	8,000	28.66%
2018	1,464	2,264	800	8,565	26.43%
2019	1,356	1,356	-	8,957	15.14%
2020	1,660	1,660	-	9,325	17.80%
2021	1,404	1,404	-	9,231	15.21%
2022	1,740	1,740	-	10,327	16.85%
2023	1,600	1,700	100	9,758	17.42%
2024	1,952	2,352	400	10,435	22.54%
2025	2,000	2,000	-	11,743	18.36%

**Notes to Schedule:**

Valuation Date: Actuarially determined contribution rates are determined as of October 1, the beginning of the plan year.

Methods and Assumptions: The actuarial valuation is performed under the requirements of Internal Revenue Code (IRC) Section 430; pursuant to the Pension Protection Act of 2006 (PPA) and subsequent pension laws MAP-21 and HAFTA. The valuation is calculated using PPA actuarial funding methods and prescribed discounts segmented rates. The applicable discount rates for the 2025 actuarial valuation were 4.75% (0-5 years), 4.81% (6-20 years), and 5.50% (for 20+ years). The salary increase assumption was 4.5% per year.

Other assumptions included the Applicable Mortality Table, low turnover table, Table T1, and 100% lump sum elections. The prior years' actuarial reports outline the applicable funding rates for the applicable years.

See independent auditors' report.

## **OTHER FINANCIAL INFORMATION**

**ALABAMA HOUSING FINANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**SINGLE FAMILY BOND SERIES – ADDITIONAL SEGMENT DATA**  
**SEPTEMBER 30, 2025**  
**(\$ in thousands)**

	2000/2003 Step Up	2003 First Step	2002 D, 2016 A	2024 First Step	Combined Single Family
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Mortgage loans receivable, net	-	-	-	-	-
Mortgage loans held for sale	-	-	-	-	-
Investments	-	-	-	-	-
Other assets, net	-	-	-	-	-
Restricted:					
Cash on deposit	-	-	25	-	25
Accrued interest receivable	33	-	249	2,617	2,899
Investments	771	42	120,190	54,507	175,510
Other assets	-	-	-	-	-
Federal program loans receivable, net	-	-	-	-	-
Total current assets	<u>804</u>	<u>42</u>	<u>120,464</u>	<u>57,124</u>	<u>178,434</u>
<b>NONCURRENT ASSETS</b>					
Mortgage loans receivable, net	-	-	-	-	-
Other assets, net	-	-	-	-	-
Mortgage servicing rights, net	-	-	-	-	-
Restricted:					
Mortgage-backed securities	4,959	78	31,199	409,558	445,794
Other assets, net	-	-	-	-	-
Federal program loans receivable, net	-	-	-	-	-
Total noncurrent assets	<u>4,959</u>	<u>78</u>	<u>31,199</u>	<u>409,558</u>	<u>445,794</u>
<b>TOTAL ASSETS</b>	<u>5,763</u>	<u>120</u>	<u>151,663</u>	<u>466,682</u>	<u>624,228</u>
<b>DEFERRED OUTFLOWS</b>					
Pension-related deferred outflows	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 5,763</u>	<u>\$ 120</u>	<u>\$ 151,663</u>	<u>\$ 466,682</u>	<u>\$ 624,228</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Bonds payable, net	\$ 376	\$ -	\$ 1,000	\$ 3,225	\$ 4,601
Refundable Federal program grants	-	-	-	-	-
Accrued interest payable	25	-	6	9,097	9,128
Right-to-use lease liability	-	-	-	-	-
Subscription liability	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Other liabilities	-	-	-	322	322
Total current liabilities	<u>401</u>	<u>-</u>	<u>1,006</u>	<u>12,644</u>	<u>14,051</u>
<b>NONCURRENT LIABILITIES</b>					
Bonds payable, net	5,047	79	-	443,290	448,416
Refundable Federal program grants, net	-	-	-	-	-
Unearned compliance and commitment fees, net	-	-	-	-	-
Right-to-use lease liability	-	-	-	-	-
Subscription liability	-	-	-	-	-
Total noncurrent liabilities	<u>5,047</u>	<u>79</u>	<u>-</u>	<u>443,290</u>	<u>448,416</u>
<b>TOTAL LIABILITIES</b>	<u>5,448</u>	<u>79</u>	<u>1,006</u>	<u>455,934</u>	<u>462,467</u>
<b>DEFERRED INFLOWS</b>					
Pension-related deferred inflows	-	-	-	-	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>5,448</u>	<u>79</u>	<u>1,006</u>	<u>455,934</u>	<u>462,467</u>
<b>NET POSITION</b>					
Investment in capital assets, net	-	-	-	-	-
Restricted	315	41	150,657	10,748	161,761
Unrestricted	-	-	-	-	-
Total net position	<u>315</u>	<u>41</u>	<u>150,657</u>	<u>10,748</u>	<u>161,761</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 5,763</u>	<u>\$ 120</u>	<u>\$ 151,663</u>	<u>\$ 466,682</u>	<u>\$ 624,228</u>

See independent auditors' report.

**ALABAMA HOUSING FINANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**SINGLE FAMILY BOND SERIES – ADDITIONAL SEGMENT DATA**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**  
**(\$ in thousands)**

	2000/2003 Step Up	2003 First Step	2002 D, 2016 A	2024 First Step	Combined Single Family
<b>OPERATING REVENUES</b>					
Interest on mortgage loans	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on mortgage-backed securities	293	4	1,748	12,741	14,786
Investment income	22	2	5,656	3,361	9,041
Net realized and unrealized gain on investments	(86)	(2)	(293)	1,743	1,362
Loan servicing fees and other income	5	-	-	-	5
Total operating revenues	<u>234</u>	<u>4</u>	<u>7,111</u>	<u>17,845</u>	<u>25,194</u>
<b>OPERATING EXPENSES</b>					
Interest	315	4	342	14,130	14,791
Amortization of mortgage servicing rights	-	-	-	-	-
Program, general, and administrative	6	-	19	3,114	3,139
Total operating expenses	<u>321</u>	<u>4</u>	<u>361</u>	<u>17,244</u>	<u>17,930</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(87)</u>	<u>-</u>	<u>6,750</u>	<u>601</u>	<u>7,264</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Federal program grants	-	-	-	-	-
Federal program expenditures	-	-	-	-	-
Net nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(87)</u>	<u>-</u>	<u>6,750</u>	<u>601</u>	<u>7,264</u>
Transfers in (out)	-	-	(12,703)	4,703	(8,000)
<b>CHANGES IN NET POSITION</b>	<u>(87)</u>	<u>-</u>	<u>(5,953)</u>	<u>5,304</u>	<u>(736)</u>
<b>NET POSITION</b>					
Beginning of year	402	41	156,610	5,444	162,497
End of year	<u>\$ 315</u>	<u>\$ 41</u>	<u>\$ 150,657</u>	<u>\$ 10,748</u>	<u>\$ 161,761</u>

See independent auditors' report.

**ALABAMA HOUSING FINANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**COMBINING ALL FUNDS – ADDITIONAL SEGMENT DATA**  
**SEPTEMBER 30, 2025**  
**(\$ in thousands)**

	Combined Single Family	Federal Programs	Housing Assistance Fund	General Fund	Combined
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash on deposit	\$ -	\$ -	\$ 160	\$ 15,259	\$ 15,419
Accounts receivable, net	-	-	-	283	283
Accrued interest receivable	-	-	169	204	373
Mortgage loans receivable, net	-	-	4,800	48	4,848
Mortgage loans held for sale	-	-	-	77,736	77,736
Investments	-	-	25,027	52,061	77,088
Other assets, net	-	-	-	11,220	11,220
Restricted:					
Cash on deposit	25	45,666	-	-	45,691
Accrued interest receivable	2,899	19,190	-	-	22,089
Investments	175,510	18,828	-	-	194,338
Other assets	-	17	-	-	17
Federal program loans receivable, net	-	62,083	-	-	62,083
Total current assets	<u>178,434</u>	<u>145,784</u>	<u>30,156</u>	<u>156,811</u>	<u>511,185</u>
<b>NONCURRENT ASSETS</b>					
Mortgage loans receivable, net	-	-	37,250	(1,733)	35,517
Other assets, net	-	-	-	15,175	15,175
Mortgage servicing rights, net	-	-	-	73,250	73,250
Restricted:					
Mortgage-backed securities	445,794	-	-	-	445,794
Other assets, net	-	432	-	1,472	1,904
Federal program loans receivable, net	-	282,076	-	-	282,076
Total noncurrent assets	<u>445,794</u>	<u>282,508</u>	<u>37,250</u>	<u>88,164</u>	<u>853,716</u>
<b>TOTAL ASSETS</b>	<u>624,228</u>	<u>428,292</u>	<u>67,406</u>	<u>244,975</u>	<u>1,364,901</u>
<b>DEFERRED OUTFLOWS</b>					
Pension-related deferred outflows	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 624,228</u>	<u>\$ 428,292</u>	<u>\$ 67,406</u>	<u>\$ 244,975</u>	<u>\$ 1,364,901</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Bonds payable, net	\$ 4,601	\$ -	\$ -	\$ -	\$ 4,601
Refundable Federal program grants	-	62,083	-	-	62,083
Accrued interest payable	9,128	19,190	-	41	28,359
Right-to-use lease liability	-	-	-	850	850
Subscription liability	-	-	-	1,065	1,065
Accrued compensated absences	-	-	-	682	682
Other liabilities	322	1,991	2,150	(884)	3,579
Total current liabilities	<u>14,051</u>	<u>83,264</u>	<u>2,150</u>	<u>1,754</u>	<u>101,219</u>
<b>NONCURRENT LIABILITIES</b>					
Bonds payable, net	448,416	-	-	-	448,416
Refundable Federal program grants, net	-	276,892	-	-	276,892
Unearned compliance and commitment fees, net	-	-	-	15,558	15,558
Right-to-use lease liability	-	-	-	3,726	3,726
Subscription liability	-	-	-	728	728
Total noncurrent liabilities	<u>448,416</u>	<u>276,892</u>	<u>-</u>	<u>20,012</u>	<u>745,320</u>
<b>TOTAL LIABILITIES</b>	<u>462,467</u>	<u>360,156</u>	<u>2,150</u>	<u>21,766</u>	<u>846,539</u>
<b>DEFERRED INFLOWS</b>					
Pension-related deferred inflows	-	-	-	2,344	2,344
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>462,467</u>	<u>360,156</u>	<u>2,150</u>	<u>24,110</u>	<u>848,883</u>
<b>NET POSITION</b>					
Investment in capital assets, net	-	-	-	1,472	1,472
Restricted	161,761	68,136	-	-	229,897
Unrestricted	-	-	65,256	219,393	284,649
Total net position	<u>161,761</u>	<u>68,136</u>	<u>65,256</u>	<u>220,865</u>	<u>516,018</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 624,228</u>	<u>\$ 428,292</u>	<u>\$ 67,406</u>	<u>\$ 244,975</u>	<u>\$ 1,364,901</u>

See independent auditors' report.

**ALABAMA HOUSING FINANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**COMBINING ALL FUNDS – ADDITIONAL SEGMENT DATA**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**  
(\$ in thousands)

	<b>Combined Single Family</b>	<b>Federal Programs</b>	<b>Housing Assistance Fund</b>	<b>General Fund</b>	<b>Combined Totals</b>
<b>OPERATING REVENUES</b>					
Interest on mortgage loans	\$ -	\$ -	\$ 1,678	\$ 5,993	\$ 7,671
Interest on mortgage-backed securities	14,786	-	-	-	14,786
Investment income	9,041	-	358	1,604	11,003
Net realized and unrealized gain on investments	1,362	-	-	5,259	6,621
Loan servicing fees and other income	5	-	1,257	53,608	54,870
Total operating revenues	<u>25,194</u>	<u>-</u>	<u>3,293</u>	<u>66,464</u>	<u>94,951</u>
<b>OPERATING EXPENSES</b>					
Interest	14,791	-	-	395	15,186
Amortization of mortgage servicing rights	-	-	-	5,944	5,944
Program, general, and administrative	3,139	-	1,024	50,906	55,069
Total operating expenses	<u>17,930</u>	<u>-</u>	<u>1,024</u>	<u>57,245</u>	<u>76,199</u>
<b>OPERATING INCOME</b>	<u>7,264</u>	<u>-</u>	<u>2,269</u>	<u>9,219</u>	<u>18,752</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Federal program grants	-	22,667	-	-	22,667
Federal program expenditures	-	(9,776)	-	-	(9,776)
Net nonoperating revenues (expenses)	<u>-</u>	<u>12,891</u>	<u>-</u>	<u>-</u>	<u>12,891</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>7,264</u>	<u>12,891</u>	<u>2,269</u>	<u>9,219</u>	<u>31,643</u>
Transfers in (out)	(8,000)	-	-	8,000	-
<b>CHANGES IN NET POSITION</b>	<u>(736)</u>	<u>12,891</u>	<u>2,269</u>	<u>17,219</u>	<u>31,643</u>
<b>NET POSITION</b>					
Beginning of year, as restated	<u>162,497</u>	<u>55,245</u>	<u>62,987</u>	<u>203,646</u>	<u>484,375</u>
End of year	<u>\$ 161,761</u>	<u>\$ 68,136</u>	<u>\$ 65,256</u>	<u>\$ 220,865</u>	<u>\$ 516,018</u>

See independent auditors' report.