"Shifts in our state economy have required sacrifice, innovation, and old-fashioned grit from all of us—government, businesses, and citizens alike. And in this economic downturn, many of our old ways of doing things no longer apply."

Christine Gregoire, Governor of Washington

A State of Change

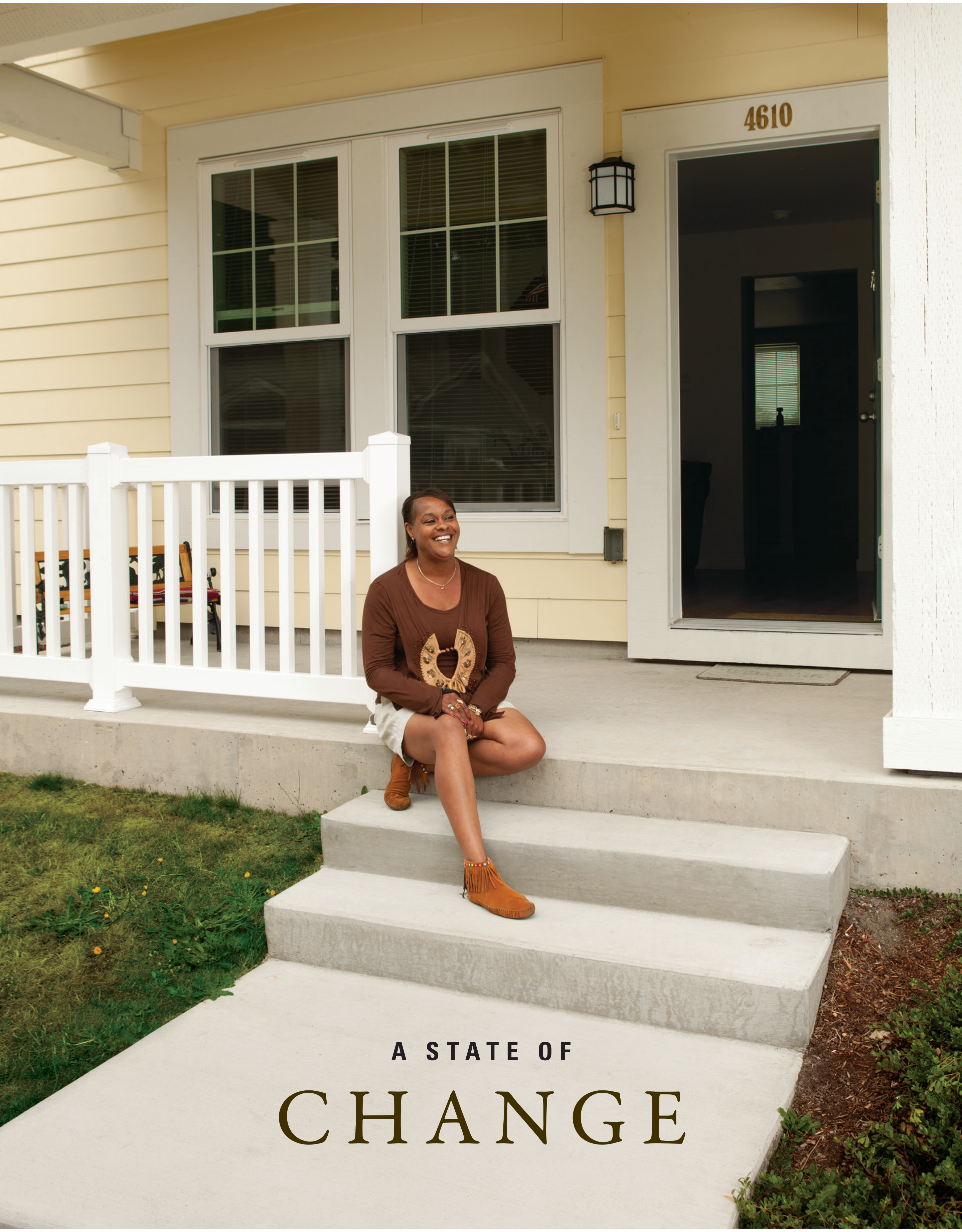
The Washington State Housing Finance Commission has worked hard to respond to economic changes and changing needs among consumers since our founding in 1983. Over the years, we've created new programs to meet emerging demand and adjusted existing programs to match the dynamics of the marketplace. We've always tried to quickly and nimbly meet the needs of Washington State residents, however those needs evolve.

The recent recession was possibly the greatest test of our responsiveness and resourcefulness, as nearly all of our programs were affected in some way by an uncertain economy. Everything, it seemed, was changing. We captured those changes, along with our response, the response of the public and private sectors, and the response of housing consumers, in our 2011 annual report, *A State of Change.*

For this report, we let the diverse beneficiaries of our programs do the talking: A purple-haired mother of two. An out of work union carpenter-turned-college-student. A former homeless drug addict who joyfully credited her family's subsidized apartment to her faith. And a hardworking couple from Washington's fruit-growing region whose affordable apartment was a paving stone on their road to The American Dream. By letting these Washington residents tell their stories, we conveyed how the projects we fund help people and help the state economy during hard economic times. We also gained credibility from the third-party endorsements of everyday people who demonstrated in vivid, real-life detail, exactly why our programs matter.

Visually, we relied on expertly shot candid and portrait photography of our beneficiaries. Unlike some past years when we made buildings the "heroes" of the report, this year we featured the properties we funded simply as context; the settings for the human stories that were our focus. Response to our 2011 report from our key stakeholders, employees, housing advocates, private sector partners, and, most important, state legislators—has been enthusiastic.

In 2011, we attempted to provide a snapshot of a resilient organization and a resilient state. We wanted to show how the state at large was adapting to new economic realities and how we were doing our part to help. By producing a visually engaging report sharing stories of where housing programs meet reality—by producing a report with real heart—we believe we succeeded.



A STATE OF CHANGE

Washington State Housing Finance Commission

2011 Annual Report

As the dust of the Great Recession settles and our state focuses on recovery, it's clear that Washington's landscape has changed. Government, businesses, and families are living with leaner budgets. Long-standing resources once taken for granted have vanished. We are all learning to prioritize and innovate—to be more inventive in meeting our needs.

At the Washington State Housing Finance Commission, we have changed some of the ways we do business in response to new economic realities. At the same time, we are finding new ways to create affordable housing and build community statewide. As ever, our work creates a sizable economic ripple, generating jobs and business in a state hungry for both.

Around the state, in the lives of individuals and communities alike, we are doing all we can to keep meeting the needs of residents and ensure that our state of change becomes a state of strength.

FROM THE GOVERNOR

The Great Recession has had a profound effect on Washington State, as it has on every state in the union. Shifts in our state economy have required sacrifice, innovation, and old-fashioned grit from all of us—government, businesses, and citizens alike. And in this economic downturn, many of our old ways of doing things no longer apply.

But amid rising and falling economic cycles, urgent social needs persist—like the need for safe, decent, affordable housing. Such needs don't disappear just because state coffers are stressed. Neither, fortunately, do the government agencies, nonprofits, and businesses which provide the housing and accompanying economic benefits that are so crucial to our state.

Throughout the recession, the Washington State Housing Finance Commission has consistently found new ways to finance affordable housing and critical facilities in communities statewide. Like so many of our state agencies, the Commission has applied expertise, insight, and creativity to find new resources when presented with economic roadblocks. As a result, thousands of our fellow residents, from first-time homeowners to farmworkers, have an affordable place to live. Many thousands more have jobs thanks to the Commission's positive economic impact. And, it should be noted, the Commission has accomplished its work, as always, using primarily private sector funds.

These are challenging times for anyone who works in public service. The Commission shows us that it's still possible to get things done, even amid austerity and uncertainty. On behalf of the people of Washington, I thank the Commission and its staff for another year of resourcefulness, hard work, and service to our state.

Christine O. Gregoire GOVERNOR OF WASHINGTON

FROM THE CHAIR

Any organization that hopes to stay relevant for 28 years can't afford to be set in its ways.

At the Washington State Housing Finance Commission, we've worked hard to respond to economic changes and changing needs among consumers since our founding in 1983. Over the years, we've created new programs to meet emerging demand, adjusted existing programs to match the dynamics of the marketplace, and retired programs that became obsolete. We've always tried to quickly and nimbly meet the needs of Washington residents, however those needs evolve.

The current recession has been perhaps the greatest test of our responsiveness and resourcefulness. Nearly all of our programs have been affected in some way by the change and uncertainty in the economy. For example, in the span of a few short years, we've seen investment in the nation's low-income housing tax credit program virtually disappear, then be temporarily replaced by federal stimulus funding, and then tentatively return. We've seen a similar dynamic in the bond market, compelling us to pivot from bond financing to temporary public funding as our main tool for financing certain multifamily housing projects. And as historically low interest rates have allowed banks to compete with our rates on mortgages, we've found other innovative ways to serve our state's first-time homebuyers—through downpayment assistance, vital homebuyer education classes, and other services.

We're not the only ones navigating this new landscape, of course. Many of our partners in financial services, real estate, government, and community-based organizations have changed the way they do business, too. And certainly, the people who rent and buy homes through our programs face a housing market and economic realities quite different than before 2008.

What have not changed in 28 years are our mission and our passion for helping financing safe, decent, affordable housing for people across Washington. Those things remain because the need remains—in some cases more acutely than ever.

We at the Commission have always tried to see change as an opportunity—a way to do business smarter and more effectively; a way to do more good. As I hope this year's report demonstrates, the people of Washington State have been well-served by our approach for the better part of three decades. On behalf of my fellow Commissioners and the Commission staff, thank you for reading this year's annual report, and thank you for your interest in the Washington State Housing Finance Commission.

Karen Miller

Karen Miller CHAIR

Commissioners are volunteers appointed by the governor to represent various geographic, business, and public interests as they relate to affordable housing and community development.

Ellen Evans
Designee, Washington State Treasurer's Office

Claire Grace
Public Member

Dennis Kloida
Labor Interests

M. A. Leonard
Public Member

Dan McConnon
Designee, Department of Commerce

Jim McIntire
Washington State Treasurer, ex officio

Karen Miller
Chair

Ray Rieckers
Low-income Housing

Faouzi Sefrioui
Housing Consumer Interests

Gabe Spencer
Publicly Elected Official

Pam Tietz
Public Member

Mario Villanueva
Public Member

Rogers Weed
Director, Department of Commerce, ex officio

HOMEOWNERSHIP

Daily reports of diving home prices, foreclosures, and a glut of new homes might lead one to believe that The American Dream is dead, but the experience of our Homeownership Division in 2011 tells a different story. Demand for our homeownership programs—particularly our downpayment assistance programs—remains high. In fact, we recently made our one-thousandth downpayment assistance loan through HomeChoice, a program for first-time homebuyers or a family member with disabilities. Altogether, the outstanding downpayment assistance loans for single-family homes we've helped finance total some $61.9 million.

Though demand remains strong, the ways we're meeting it continue to evolve in response to the economy. One change we've made is in the way we finance single-family home loans. Because of the lackluster bond market, our traditional financing mechanisms don't allow us to compete with historically low mortgage rates. For the past several years, we've offered competitive rates with the help of the U.S. Treasury Department's New Issue Bond Program, in which the federal government buys bonds and proceeds are then used to fund affordable mortgages. That program will close at the end of 2011, and we are exploring several new options for financing our single-family program once the Treasury's program ends.

HOUSEHOLDS ASSISTED THROUGH OUR HOUSEKEY AND MCC PROGRAMS IN FY 2011

A CHANGE OF ADDRESS

This is the story of how Jen Fairlie became a first-time homebuyer. *Again.*

Once a homeowner with her husband, Jen was left in an unexpected situation after a divorce: She was a single mom unable to find full-time work. She was a renter. And she was on welfare.

"I figured there was no way I could afford a home," she says. "I was hoping maybe we could afford a trailer, if anything. I had earnest money, and my credit history was great, but I didn't have any way to save a downpayment."

Eventually, Jen got a full-time job at a local animal hospital. But she still thought her homeownership days were behind her.

continued next page

Jen Fairlie
SINGLE MOTHER OF TWO
VETERINARY ASSISTANT
NEW HOMEOWNER

"IT'S OUR PLACE. IT'S HOME."

Then she reconnected via Facebook with former middle-school classmate Tim Samuels—now a lender with The Legacy Group—who invited her to a seminar for prospective first-time homebuyers. (Because she hadn't owned a home in three years, Jen qualified for several first-time homebuyer programs.) That's where she learned about House Key Bremerton, a downpayment assistance program funded by the city and administered by the Commission.

As a requirement of the program, Jen met with a budget counselor from American Financial Solutions in Bremerton. Though she didn't expect to learn anything she didn't already know, Jen says the insights she gleaned—about how taxes and utilities would affect her housing budget, for example—were eye-opening.

Finally, after a year of constant hunting, Jen, her two sons, their Chihuahua, and their two cats moved into a 1935 four-bedroom house the whole family loved. Jen says being a homeowner is more than a matter of identity for her—it's critical to her family's security.

"We love having a place of our own. We can paint, we can fix it up, we can have pets. And that brings us all closer because we can do these things together. It's our place. It's home."

In 2011, the Homeownership Division:

- Financed, for low- and moderate-income first-time homebuyers, more than $210 million in below-market-rate loans to 1,300 homebuyers through the House Key program—almost twice as many as the previous year.
- Issued, through various programs, 1,089 second-mortgage loans totaling over $9.0 million to low- and moderate-income first-time homebuyers to assist with downpayments and closing costs.
- Financed more than $89 million in housing assistance to 428 low- and moderate-income first-time homebuyers through the Mortgage Credit Certificate program.
- Provided 95 loans totaling more than $1.1 million for homebuyers with disabilities through the HomeChoice program.
- Trained 585 lenders, real estate professionals, and representatives of nonprofit organizations to teach our homebuyer education seminars and House Key training curricula. During fiscal year 2011, 3,701 prospective homebuyers attended 532 seminars held statewide.

"The housing crisis has taught many buyers that a home is to live in—it's not just a financial investment. That's a good lesson for people to learn, but it doesn't mean people don't want to buy homes anymore. To the contrary—people still want that pride of ownership. Homeownership is still the American Dream."

Dee Taylor, Homeownership Director

CAPITAL PROJECTS

As the bond market flickered back to life during fiscal year 2011, so did bond-driven activity in our Capital Projects Division, which finances multifamily housing, senior housing, and community facilities, as well as land and equipment for beginning farmers and ranchers, and sustainable energy projects. Even when bond-related activity was all but stalled, the division stayed busy marketing and administering funds allocated by the legislature through Washington Works, a $25 million one-time program intended to stimulate development of multifamily workforce housing and to create jobs by jumpstarting construction. In just 14 months, our Capital Projects team closed on the financing for eight Washington Works projects with the final two scheduled to close in the first quarter of this fiscal year. In addition, 14 other project bond issues were completed through our other programs.

Capital Projects staff also continued laying the groundwork for our Sustainable Energy Program, which will finance energy efficiency and renewable energy projects for homeowners, businesses, farms, governments, and nonprofits. Two programs are up and running: the Energy Efficiency Loan Program, which provides tax-exempt financing for nonprofit and multifamily organizations wanting to lower their energy footprint with little or no up-front costs; and the Washington State Green Retrofit Fund, which finances energy- and water-efficiency retrofits in tax-credit-funded multifamily projects that have not reached year 15 of their regulatory agreement.

PROJECTS WERE FINANCED USING CAPITAL PROJECTS PROGRAMS IN FY 2011

A

CHANGE

IN CAREERS

Shannon Layer remembers *exactly* when she felt the recession take hold.

It was January 2009, and the 39-year-old union carpenter who'd helped build shipping piers throughout Puget Sound found herself driving every day from job site to job site, looking for work that had simply dried up.

"For weeks, I'd see all the same guys at all the same sites," she remembers. "We'd all pull in together, find out there was no work, and then pull out together."

A friend who worked at Everett Community College suggested Shannon pursue a degree at the school, and Shannon agreed the time was right. The only problem was the commute—90 minutes each way from Kent, where she shared an apartment with a roommate to keep her rent affordable. Finding time to focus on her studies, especially as a parent of two teenaged children, was a challenge.

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Shannon Layer

UNION CARPENTER

GRADUATED WITH HONORS FROM EVERETT COMMUNITY COLLEGE

MULTIFAMILY RENTAL RESIDENT

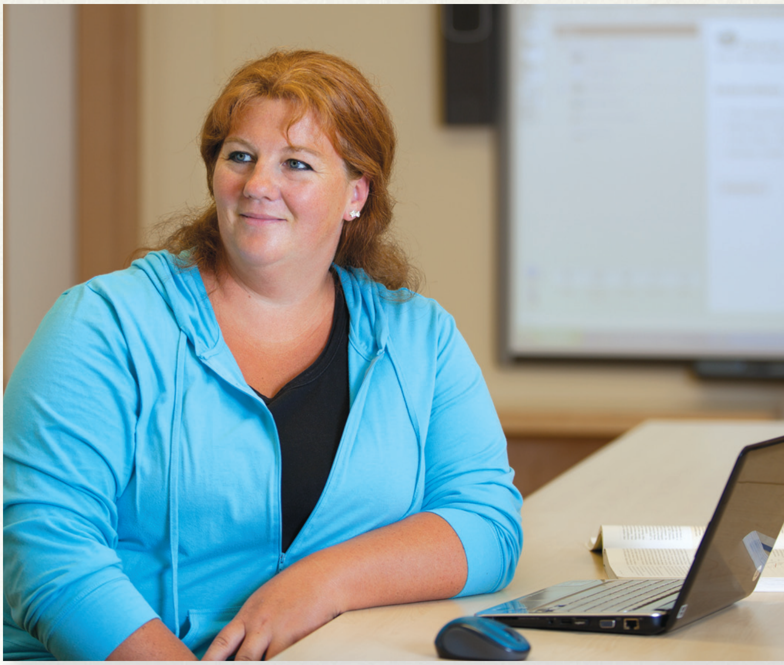
"IT'S A FABULOUS PROGRAM."

After a year of commuting, Shannon learned about the Mt. Baker View Apartments and the Ten Degrees Program. Located near Everett Community College, Mt. Baker View had originally been a luxury condo project that had gone into foreclosure. Everett's Housing Hope bought the complex (with financing provided in part by the Commission), kept the apartments' deluxe touches, and rented them at an affordable rate.

Ten Degrees—also run by Housing Hope—is a groundbreaking program offering affordable housing and on-site educational support to 10 Mt. Baker tenants pursuing college degrees. After hearing about the program, Shannon happily traded her apartment in Kent for an apartment at Mt. Baker View.

In the spring of 2011, Shannon earned two degrees and graduated with honors and is hopeful she'll find a job soon. She credits Ten Degrees with helping her graduate not only from college, but also from the ranks of the unemployed.

"It's a fabulous program," she says. "It is definitely a step up."



In 2011, the Capital Projects Division:

- Issued over $153.2 million in bonds to finance 22 projects.
- Issued over $77.5 million in bonds through our Multifamily Housing Program to finance 7 projects that provided or preserved 829 rental-housing units, including 120 new units for the elderly.
- Issued $39.4 million in bonds through the Nonprofit Facilities Program to finance three projects owned by nonprofit organizations.
- Issued over $35.6 million in bonds through the Nonprofit Housing Program to finance 10 projects that provided or preserved 240 housing units, including 40 new units for Washington seniors.
- Issued $540,500 in bonds through our Beginning Farmer/Rancher Program to help two families achieve their dream of owning a farm.

"It's night and day since last year. The multifamily market is heating up. Vacancies are down and construction of new multifamily units is on the increase. We expect to exceed this fiscal year's $153 million in total bond issuance next year and to increase the estimated 1,290 construction jobs that were created."

David Clifton, Capital Projects Acting Director

HOUSING TAX CREDIT

In fiscal year 2011, investment returned to the housing credit

market almost as quickly it disappeared during the Great Recession. After investors lost faith in stocks and bonds, tax credits suddenly became a “hot” investment again, receiving a great deal of attention in the financial press and elsewhere. Our Housing Tax Credit team did its best to stay on top of the wave.

The impact of this change is simple: The higher the demand for housing credit, the greater the investment price—and the greater the number of units that get built. With the return of more favorable pricing, there is hope of returning to pre-recession unit production. There is also the question of whether the new investment momentum will last.

As our Housing Tax Credit Division adapted to the latest changes in the marketplace, many of the developers we work with did, too. One example: With no funding allocated for the state’s Housing Trust Fund, more developers were required to take on greater debt through bank financing—for many, a new way of doing business.

Before the increase in investor interest, our Housing Tax Credit Division worked to conclude administration of funding provided through the American Recovery and Reinvestment Act (ARRA) of 2009—stopgap funding that was crucial in completing 456 units of housing in the state.

JOBS CREATED THROUGH DEVELOPMENT OF 13 PROJECTS FINANCED WITH HOUSING TAX CREDITS IN FY 2011

A CHANGE FOR THE BETTER

Since its founding by a visionary businessman named Charlie Brown in 1957, the city of George has been a *promise* of what might be as much as an *actual place.*

But with the addition of 51 units of farmworker housing and some key infrastructure on the town's south side, the Grant County community became a bit more substantial.

Developed by Beacon Development Group for Catholic Charities Housing Services—and financed in part with federal stimulus funds administered by the Commission—St. Martha Plaza is home to dozens of families who provide labor for nearby orchards. Townhomes in the tidy complex are situated around a common area that includes play equipment, a basketball court, and a kid-sized soccer pitch. Kitchens in most units look out onto the playground, allowing parents to keep an eye on kids, and enabling neighbors to stay connected.

continued next page

Angel Olevera
FIRST GRADER
SOCCER PLAYER
MULTIFAMILY FARMWORKER HOUSING RESIDENT

"A MAJOR JUMP FORWARD."

Residents Rosario Gonzalez and Estevan Olevera, who've lived at St. Martha just over a year, say the community is a good place to live. It's peaceful, with good neighbors, and affordable for families on seasonal incomes.

"It's also much closer to the orchards than where we used to live in Quincy," says Estevan. "My drive to work is much shorter. It makes sense to put more worker housing here, because this is closer to where most of the farm jobs are."

The project's development provided benefits for the town of George as well—including two new streets, new water and sewer lines, and the town's first sidewalks and curbs—including a sidewalk kids can use to walk to school.

Developers also provided a mobile computer lab for the Quincy school district and paid a "safety impact fee" that the otherwise unpoliced town expects to put toward hiring a security officer.

George Mayor Elliot Kooy called the addition of 200 residents to the town's population of 500 "a major jump forward" for the city and said it's a welcome alternative to a nearby trailer park where many farmworkers live. He's unsure what St. Martha's will mean for future development in the small, cash-strapped city where 75 percent of the residents have low to moderate incomes.

"We've always wanted growth in George," he says. "This might be a good start."

In 2011, the Housing Tax Credit Division:

- Allocated $148 million* of federal housing tax credit to 13 competitive projects in nine counties across the state.
- Helped create, in total:
  - 829 units of affordable housing, of which...
    ...45 will serve farmworker households.
    ...76 will serve the elderly.
    ...109 will serve disabled households.
    ...216 will serve homeless households.
  - 846 construction jobs.
  - 34 non-construction jobs.

* Low Income Housing Tax Credits are allocated for 10 years. Credit amounts used in this report are the 10-year totals.

"AARA was an effective bridge through the most difficult stretch of the recession and crucial to providing much-needed housing in the state. With more investment equity coming back to the table, we're somewhat back to normal, except that normal doesn't quite mean what it used to."

Steve Walker, Housing Tax Credit Director

COMPLIANCE & PRESERVATION

Whatever changes the economy might bring, one constant is our responsibility to monitor the over 70,000 Commission-financed housing units that are home to approximately 200,000 people across the state. In fact, during times of austerity, preserving existing affordable housing stock by helping owners maintain their buildings to ensure a fair return on their investment is more important than ever.

One focus of our Compliance and Preservation team in fiscal 2011 was asset management—working in partnership with building owners and other funding agencies to help owners keep properties viable and cost-effective. With budgets tight everywhere because of the economy, full rehabilitations aren't feasible for many buildings. But retrofitting properties to make them more energy efficient is a relatively affordable way to lower operating costs and extend the lives of buildings. By improving energy efficiency through longer-lasting and more efficient building materials and appliances, or lowering utility usage and costs, owners enhance their investment along with residents' quality of life.

ONSITE VISITS & INSPECTIONS IN FY 2011

A CHANGE OF CIRCUMSTANCES

Elaine Stewart credits a higher power with helping her find a home in Tacoma's Salishan 7 development—*and she doesn't mean the Tacoma Housing Authority.*

"I was homeless and hopeless," she says. "My husband had left me and I had lived in three different places over seven years. I always worried about paying the rent and having this or that shut off. But my Lord Jesus Christ didn't want me to live like that anymore. After seven years on the waiting list, we got this beautiful home."

Elaine and her three sons rent a new single-family home in what is the final phase of Tacoma Housing Authority's award-winning neighborhood renewal project, which was financed in part through the Commission. Because she is disabled by a work injury and several illnesses, her family pays less than $200 per month for a home she says is "nicer than we ever imagined we could live in."

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Elaine Stewart
DISABLED MOTHER OF THREE
NEW RENTER AT SALISHAN 7

"IT'S EVERYTHING TO ME."

"This is a house I would have bought if I could. It's a dream house to me."

Her fixed income and past struggles to make ends meet have made her a master of pinching pennies, Elaine says. Conserving electricity is one way she keeps costs down. She gets help from the Gateway SmartMeter system available to Salishan 7 residents. Accessed via computer or mobile device, the SmartMeter enables residents to see in real time what their energy consumption costs are, so they can adjust their use according to their budget. Elaine's 18-year-old son is a big fan.

"He likes to sneak the air conditioning and heat when I'm not around, and he got in trouble one month when I noticed the bill was too high," she says, laughing. "Now he gets right on his phone to see how much electricity we're using and how much it's going to cost. He knows how many kilowatts he's allowed to use."

Sharing a home with her sons is important to Elaine. She believes living in Salishan enables her to be a stronger mother in spite of her illnesses.

"This place made us a unit again," she says. "It's my home and my church and my sanctuary. It's everything to me."

In 2011, the Compliance & Preservation Division:

- Monitored over 70,000 units in 868 properties across the state.
- Conducted on-site visits and inspections at over 250 properties.
- Offered monthly trainings in compliance monitoring and reporting to over 1,000 property owners and managers. We also co-sponsored several national trainers.
- Continued to support the Commission's $5.25 million investment in Impact Capital's fund for pre-development and bridge financing of affordable housing. Commission staff serve on the Loan and Investment Committee and on the Impact Capital board.
- Co-sponsored the annual state conferences for the Affordable Housing Management Association and the Council for Affordable and Rural Housing. Participated in bi-monthly board meetings.
- Enhanced our new web-based annual reporting system (WBARS) used by seven different public funders—the only system we know of in the nation used by multiple public funders. Funders successfully received annual reports on over 1,400 properties in the system.
- Coordinated with other divisions to implement an agency-wide Asset Management Plan to better define the Commission's role in various types of projects that we finance.

"In a tough economy, every unit of affordable housing counts. Through collaborative efforts, we provide resources, information, training, and assistance to owners and property managers that can help keep those units viable in the market."

Tim Sovold, Compliance & Preservation Director

FINANCIAL PERFORMANCE

The Commission continued to demonstrate stable financial performance during Fiscal 2011 despite the uneven recovery from the Great Recession. The financial and credit markets seemed to waiver equally between positive and negative news. Tax-exempt interest rates remain tightly compressed with taxable rates, which continued to restrict bond issuance levels for multifamily and nonprofit projects.

On the positive side, the single-family homeownership program increased production over the prior year due largely to demand driven by our downpayment assistance programs. Also, the market for housing tax credits has nearly fully recovered in pricing to pre-recession levels.

While the level of bond issuances varied among the programs, the Commission's overall outstanding bond balance of $3.7 billion was down $194 million from the prior year-end. Despite this, fee revenue on the portfolio of outstanding bonds in addition to revenue on the Commission's other activities increased 2.1% over the prior year.

The ongoing strength of the Commission's revenue has allowed the Commission to continue its work, including the additional duties related to the successful implementation and administration of new programs that were launched in response to economic conditions over the past several years, even while production in some of the bond programs was reduced. These new programs include major initiatives under the Housing and Economic Recovery Act of 2008 (HERA), the American Recovery and Reinvestment Act of 2009 (ARRA) and the U.S. Treasury's New Issue Bond Program (NIBP). Grants and other pass-through items for the year were $94.4 million and were related primarily to the housing tax credit programs under ARRA, as well as homebuyer counseling and energy programs. These funds flowed through both receipts and disbursements, significantly raising revenue and expense in the general operating fund.

The Commission also continued to monitor and control expenditures to conserve resources and to ensure its ongoing fiscal strength. The Fiscal 2011 operating expenditures, excluding pass-through grant disbursements, were $8.5 million, up 2.2% over the prior year, but 11.5% less than budgeted.

For the fiscal year ending June 30, 2012, the Commissioners approved an operating budget with anticipated revenue of $13.2 million and expenditures of $9.8 million, excluding pass-through grant revenues and expenditures.

General Operating Fund (statements displayed)

The Fiscal Year 2011 Statement of Net Assets shows a decrease of 0.5% in total assets, as well as liability and net asset balances, to $24.6 million. The Statement of Activities and Change in Net Assets shows total revenue increasing $51.8 million, or 93.0%, to $107.4 million and expenses increasing to $52.4 million. Both of these changes are largely due to the increase in grants and pass-through revenue and expense of $52.2 million above last year. Excess revenue of $5.4 million generated in Fiscal 2011 was allocated to the Program Investment Fund by the Commissioners for deployment in higher-risk, mission-related investments.

Bond Funds

During Fiscal 2011, bonds outstanding decreased to $3.7 billion, down $194 million, or 5.0% from the prior year. This reflected routine redemptions and an increase in payoff activity, which was only partially offset by new issuances during the year in the bond programs. Additional financial information on the bond fund by program is available in our audited financial statements.

STATEMENT OF NET ASSETS *For the years ending June 30, 2011 and 2010*

Unaudited (in thousands)	2011	2010	$ Change	% Change
Assets				
Cash and cash equivalents	**$ 4,181**	$ 2,143	$ 2,038	95.1%
Investment securities	**19,576**	20,810	(1,234)	(5.9)
Receivables and prepaids	**629**	1,441	(812)	(56.3)
Furniture and fixtures (net of depreciation)	**220**	335	(115)	(34.3)
Total assets	**$ 24,606**	$24,729	$ (123)	(0.5)%
Liabilities				
Accounts payable and other liabilities	**$ 1,482**	$ 1,482	$ —	0.0%
Unearned fee income	**5,124**	5,247	(123)	(2.3)
Total liabilities	**$ 6,606**	$ 6,729	$ (123)	(1.8)%
Net Assets				
Total net assets	**$ 18,000**	$18,000	$ —	0.0%
Total liabilities and net assets	**$ 24,606**	$24,729	$ (123)	(0.5)%

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS *For the years ending June 30, 2011 and 2010*

Unaudited (in thousands)	2011	2010	$ Change	% Change
Revenues				
Fee and other income	**$ 13,157**	$12,891	$ 266	2.1%
Interest and investment income (net)	**771**	1,491	(720)	(48.3)
Grants and other pass-through revenue	**93,461**	41,256	52,205	126.5
Total revenues	**$107,389**	$55,638	$ 51,751	93.0%
Expenses				
Salaries, wages, and employee benefits	**$ 5,199**	$ 5,166	$ 33	(0.6)%
Professional fees	**1,434**	1,367	67	4.9
Office and other expense	**1,856**	1,774	82	4.6
Grants and other pass-through expense	**93,461**	41,256	52,205	126.5
Total expenses	**$101,950**	$49,563	$52,387	105.7%
Excess allocated to program investments	**$ 5,439**	$ 6,075	$ (636)	(10.5)%

Note: For a complete set of audited financial statements, please visit our website, www.wshfc.org, or call 206-464-7139.

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The Washington State Housing Finance Commission is a publicly accountable, self-supporting team dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington. We work to increase housing people can afford statewide, and we issue below-market-rate, tax-exempt bonds and federal tax credits to fund housing and nonprofit facilities across Washington.

The bonds of the Washington State Housing Finance Commission are not obligations of the state of Washington and are not repaid with tax dollars. The Commission is financially self-sufficient. All operating expenses are paid from program revenues. No taxpayer dollars were used to produce this document.

For more information about the Commission and its work, visit www.wshfc.org or call 206-464-7139 or 1-800-767-HOME (4663) toll-free in Washington State.

WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Opening doors to a better life