



## State of Idaho Endowment Fund

**REPORT OF  
INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

***Administered by the Endowment Fund Investment Board***





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**IDAHO ENDOWMENT FUND**  
INVESTMENT BOARD



## INDEPENDENT AUDITORS' REPORT

Endowment Fund Investment Board  
State of Idaho Endowment Funds  
Boise, Idaho

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the State of Idaho Endowment Funds governmental fund and governmental activities administered by the Endowment Fund Investment Board (the EFIB), a component unit of the State of Idaho, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the State of Idaho Endowment Funds' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the State of Idaho Endowment Funds governmental fund and governmental activities as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of The State of Idaho Endowment Funds are intended to present the financial position and the changes in financial position of The State of Idaho Endowment Funds. The financial statements do not purport to, and do not, represent the financial position or changes in financial position, of the State of Idaho as of June 30, 2022 and 2021. Our opinions are not modified with respect to this matter.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 State of Idaho Endowment Funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Idaho Endowment Funds' 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 Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS and *Government 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 GAAS and *Government 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 the State of Idaho Endowment Funds' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Idaho Endowment Funds' ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Idaho Endowment Funds' basic financial statements. The supplementary schedules of statements of net position by endowment are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedules of statements of net position by endowment are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the schedules of the gain benchmark but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2022, on our consideration of the State of Idaho Endowment Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Idaho Endowment Funds' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering State of Idaho Endowment Funds' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Boise, Idaho  
August 17, 2022



## STATE OF IDAHO ENDOWMENT FUND MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management Discussion and Analysis highlights the financial performance of the State of Idaho Land Grant Endowment Fund ("Endowment Fund") for the fiscal years ended June 30, 2022, 2021 and 2020.

### BACKGROUND

When Idaho became the 43<sup>rd</sup> state in 1890, the Congress of the United States endowed certain lands to be used to generate income for education and other important purposes. At statehood, 3.6 million acres of land were granted to the State of Idaho ("State") and 2.5 million acres remain. Proceeds from the sale of land and income generated by the land have accumulated in the Endowment Fund which provides financial support for its beneficiaries.

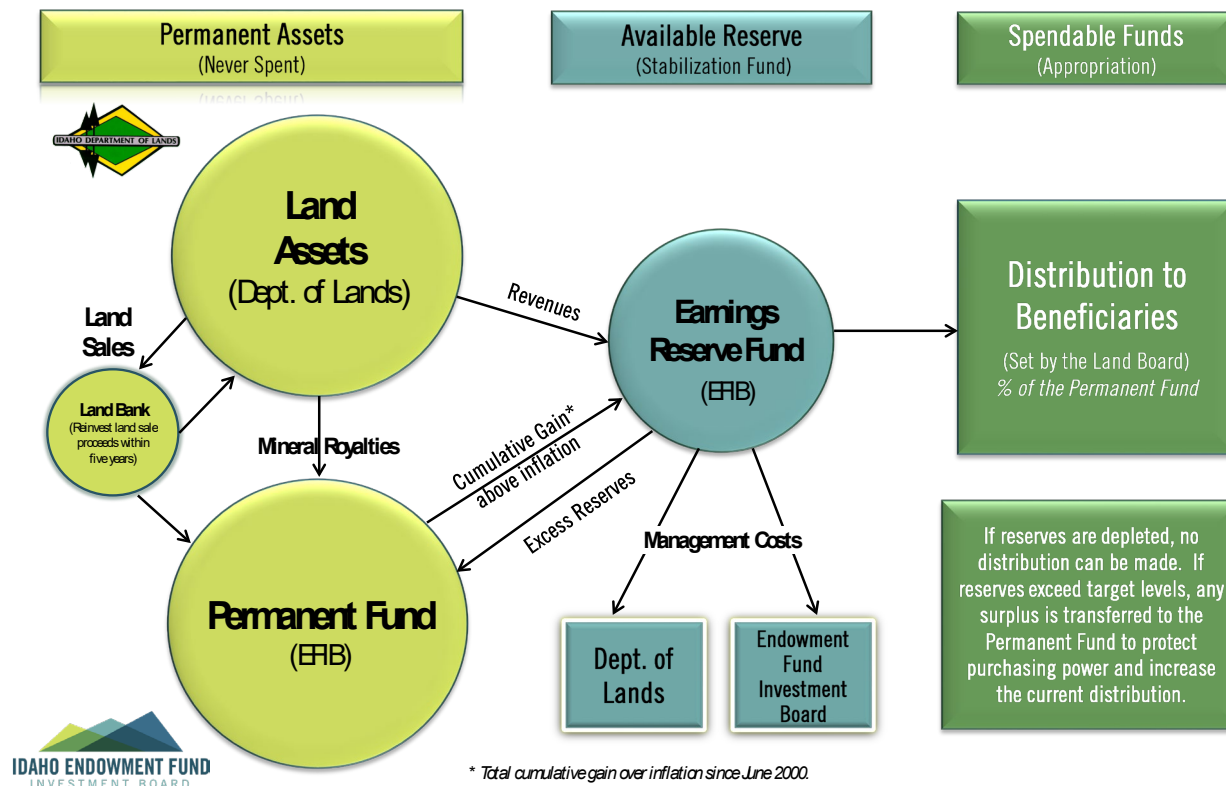
The Endowment Fund supports the following beneficiaries: Public Schools, University of Idaho Agricultural College, Charitable Institutions (Idaho State University, Juvenile Corrections Center, State Hospital North, Veterans' Home, School for the Deaf and Blind), Normal School (Idaho State University, Lewis-Clark State College), Penitentiary, University of Idaho School of Science, State Hospital South, University of Idaho and the Capitol Permanent Fund.

The Endowment Fund Investment Board ("EFIB") was created by the Idaho Legislature in 1969 and is charged with administration and investment management responsibilities for the Endowment Fund according to policies established by the Idaho State Board of Land Commissioners. In addition, EFIB provides investment management services for funds associated with other state agencies including SIF (formerly known as the State Insurance Fund), Idaho Department of Environmental Quality, Idaho Department of Fish and Game, Idaho State Parks & Recreation and the Idaho Department of Lands. Financial results related to non-Land Grant Endowment Funds are not included in these financial statements.

### THE ENDOWMENT FUND STRUCTURE

The Endowment Fund is structured to include Permanent Funds and Earnings Reserve Funds for each beneficiary. Permanent Funds are to remain intact and grow at least at the rate of inflation. Under legislation passed by the Idaho Legislature in 1998, Earnings Reserve Funds were established to pay distributions to beneficiaries and cover expenses for the Idaho Department of Lands and EFIB. Most land revenue is considered an addition to the Earnings Reserve Funds, while distributions to beneficiaries and the payment of Idaho Department of Lands and EFIB expenses are considered depletions. Each June 30, the proportionate change in market value of the Endowment Fund portfolio is allocated to each endowment's Earnings Reserve Fund and gains up to the rate of inflation to each endowment's Permanent Fund. This allocation methodology is specified in Idaho Code Section 57-720 and reflected in the following table.

## STRUCTURE OF IDAHO'S ENDOWMENT ASSETS



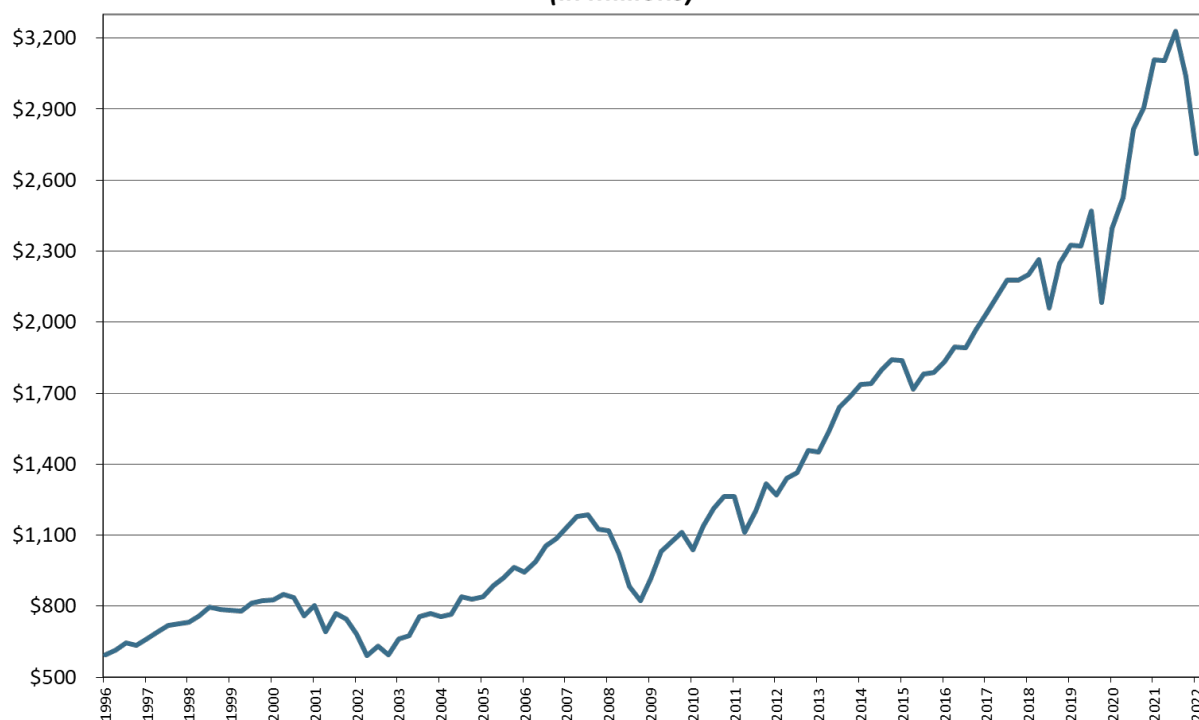
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### FINANCIAL HIGHLIGHTS:

#### CHANGES IN NET POSITION AND FUND BALANCE

Changes in the net position of the Endowment Fund are the result of investment gains or losses in the Endowment Fund portfolio, revenue generated from land assets, beneficiary distributions and Department of Lands and EFIB expenses. The Endowment Fund balance changed by -\$384.3 million, \$711.6 million and \$72.2 million during the fiscal years ended June 30, 2022, 2021 and 2020, respectively. Net position and fund balance totaled \$2,723.6 million, \$3,107.9 million and \$2,396.3 million as of June 30, 2022, 2021 and 2020, respectively.

**Total Land Grant Endowment Fund Assets**  
*June 1996 - June 2022*  
*(in millions)*



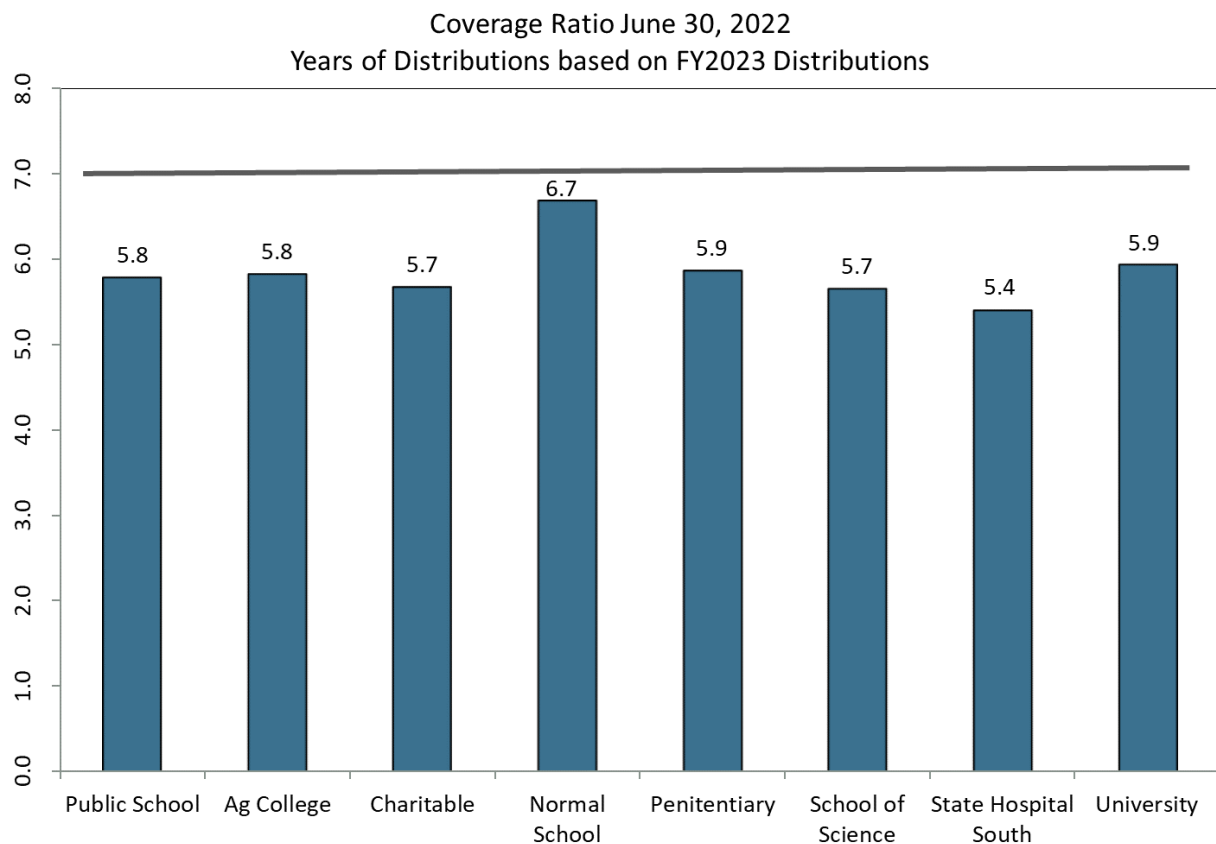
## EARNINGS RESERVES

The Idaho State Board of Land Commissioners has established target earnings reserve levels for each of the Earnings Reserve Funds. The target earnings reserve levels equate to seven years of beneficiary distributions for Public Schools, Agricultural College, Charitable Institutions, Normal School, Penitentiary, School of Science, State Hospital South, and the University of Idaho. When earnings reserves exceed the target earnings reserve levels, excess amounts may be transferred from Earnings Reserve Funds into the corresponding Permanent Funds.

Total earnings reserve levels were \$593.2 million, \$1,198.8 million and \$589.3 million as of June 30, 2022, 2021 and 2020, respectively. As of June 30, 2022, the earnings reserve balances for all of the Endowment Funds were below target earnings reserve levels.

*Earnings Reserves cont.:*

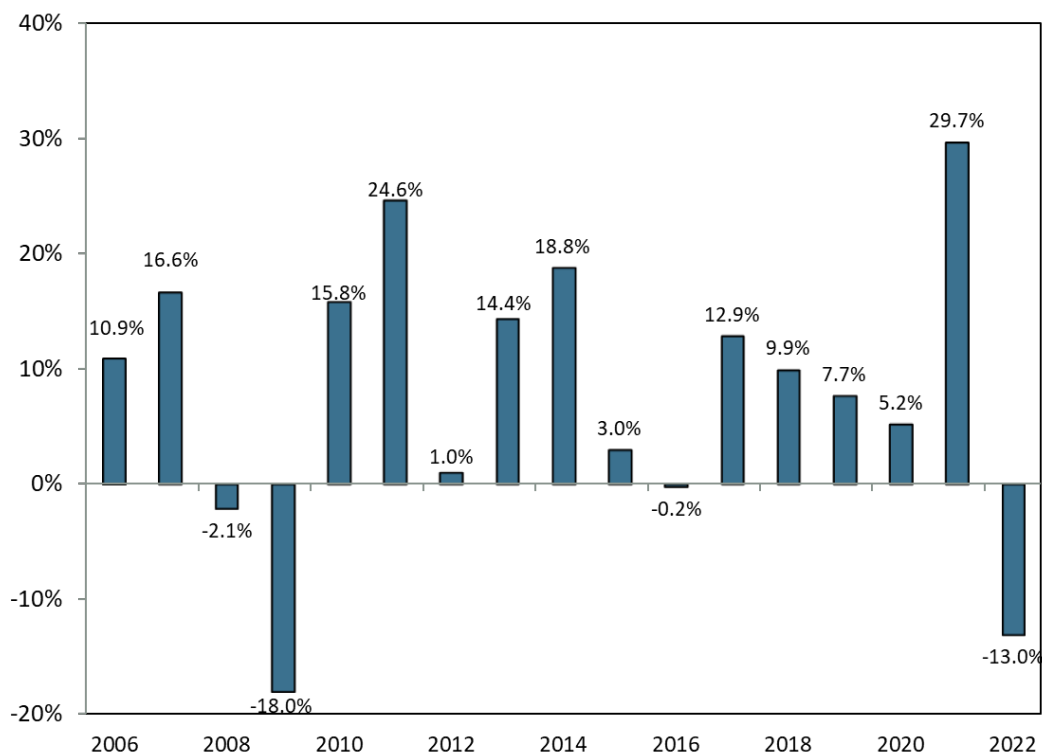
The table below highlights the earnings reserve levels expressed in years of distributions for each beneficiary.



**INVESTMENT RESULTS**

The Endowment Fund portfolio generated investment returns before fees of -13.0%, 29.7% and 5.2% in fiscal years end June 30, 2022, 2021 and 2020, respectively. The average annual investment returns were -13.0%, 5.9%, 7.0%, and 8.3% during the last one, three, five and ten-year periods. These investment returns ranked in the top 91<sup>st</sup>, 50<sup>th</sup>, 35<sup>th</sup> and 27<sup>th</sup> percentile in the Callan Public Fund Sponsor Database for the one, three, five and ten-year periods.

### Annual Gross Fund Returns



### Annualized Gross Fund Returns, Ending June 30, 2022

	FY 2022	3 Years	5 Years	7 Years	10 Years
<b>Total Fund</b>	-13.0%	5.9%	7.0%	6.8%	8.3%
<i>Benchmark (38% Russell 3000, 19% ACWI ex-US, 9% ACWI, 8% ODCE, 26% BBC Aggregate)</i>	-11.2%	5.4%	6.4%	6.4%	7.8%
<b>Total Equity</b>	-17.9%	7.7%	8.9%	8.4%	10.6%
Domestic Equity	-17.1%	9.2%	10.5%	10.1%	12.6%
Large Cap.	-17.8%	8.6%	10.2%	10.0%	12.5%
Mid Cap.	-12.0%	11.2%	11.8%	10.5%	12.7%
Small Cap.	-21.7%	8.8%	9.1%	9.0%	12.4%
International Equity	-19.9%	4.9%	5.9%	5.4%	6.9%
Global Equity	-17.2%	7.3%	8.1%	7.1%	8.0%
<i>MSCI ACWI Index</i>	-15.8%	6.2%	7.0%	7.0%	8.8%
<b>Total Real Estate</b>	23.7%	10.0%	8.7%		
<i>NCREIF ODCE Index</i>	27.3%	10.3%	8.9%		
<b>Total Fixed Income</b>	-10.0%	-0.6%	1.2%	1.6%	1.5%
<i>Fixed-Income Benchmark (85% BBC U.S. Aggregate, 15% BBC U.S. TIPS)</i>	-9.5%	-0.3%	1.2%	1.6%	1.6%

## **ASSET ALLOCATION**

The target asset allocation for the Endowment Fund portfolio is 66% equity, 24% fixed income, and 10% real estate. The equity portion of the portfolio currently includes 38% U.S. equity, 19% international equity and 9% global equity. The fixed income portion of the portfolio includes 11% in the Bloomberg Barclay's Aggregate Index and 13% in an actively managed core plus strategies. The real estate portion of the portfolio is invested in private core real estate strategies.

## **INVESTMENT MANAGEMENT**

The EFIB engages the services of an investment consultant who acts as an independent fiduciary and provides advice in areas such as investment policies and guidelines, asset allocation strategies, portfolio risk/return modeling and hiring and monitoring of investment managers. Callan has served as EFIB's investment consultant since 2007. They were reappointed in 2019 after a national consultant search.

The EFIB engages investment managers who are given full discretion to make investment decisions subject to policies and guidelines specific to the investment strategy they are managing. As of June 30, 2022, the EFIB engaged twenty investment managers including Barrow Hanley, Boston Partners, CBRE Investment Management, Clearwater Advisors, DoubleLine Capital, DWS, Eagle Asset Management, Fiera Capital/StonePine Asset Management, LSV Asset Management, Northern Trust Investments, Sands Capital, Schroders, State Street Global Advisors, Sycamore/Victory Capital, TimesSquare Capital Management, UBS Realty Investors, Vanguard, WCM Investment Management, Wellington and Western Asset Management.

The EFIB engages Northern Trust Company for custodial services. Northern Trust Company is responsible for the safekeeping of assets, trade settlement, accounting, security valuation, investment performance reporting and proxy voting.

## COST OF INVESTMENT MANAGEMENT

The cost for investment management was \$12.7 million, \$12.1 million and \$11.6 million in fiscal years 2022, 2021 and 2020, respectively. Investment management expenses as a percentage of year-end Endowment Fund net positions equates to 0.47%, 0.39% and 0.48% in fiscal years 2022, 2021 and 2020, respectively. The table below provides a breakdown of investment management expenses.

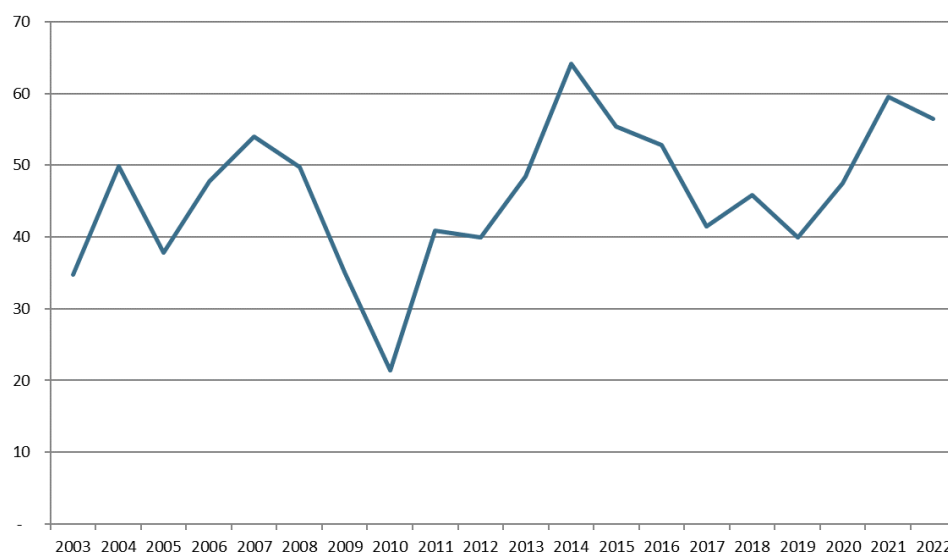
**Cost of Investment Management**

Investment Management Operating Costs	2022	2021	2020
Internal Investment Costs	\$ 564,256	\$ 523,664	\$ 534,709
Outside investment manager and legal fees	11,303,231	9,804,955	9,043,539
Custody Expense	934,350	932,146	1,184,565
Consultant and auditor fees	271,944	257,529	208,029
Total expenditures	13,073,781	11,518,294	10,970,842
Change in Manager Fee Accrual	(365,920)	535,488	571,476
Total Accrual Basis Expense	\$ 12,707,860	\$ 12,053,782	\$ 11,542,318

## NET LAND REVENUE

Net land revenue (land revenue less Department of Lands expenses) totaled \$56.5 million, \$59.6 million and \$47.5 million in fiscal years 2022, 2021 and 2020, respectively. The decline in net land revenue from fiscal 2014 through 2019 is primarily the result of the sales of leased cabin sites located near Payette and Priest Lakes. Over the last several years, the Idaho Department of Lands has increased the annual volume of timber harvested.

**Net Land Revenue for Earnings Reserves  
(in \$ millions)**



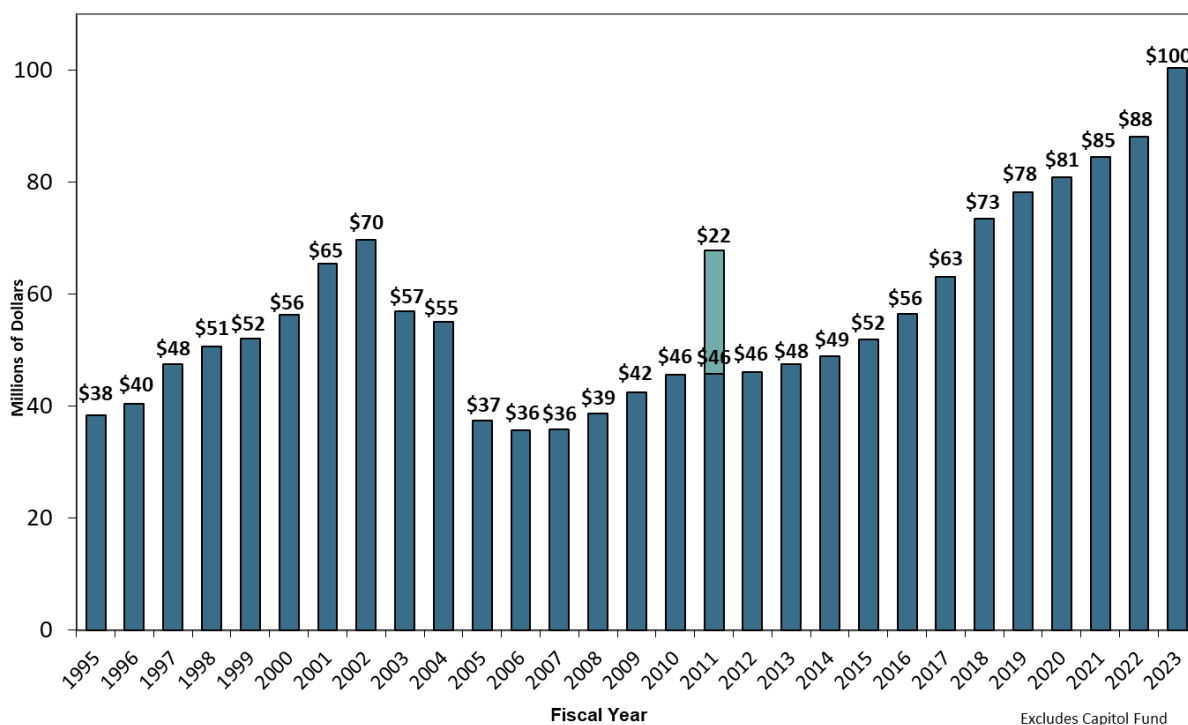
## BENEFICIARY DISTRIBUTIONS

The Endowment Fund exists to provide distributions to beneficiaries in perpetuity. For all endowments, except Capitol Permanent, the Idaho State Board of Land Commissioners has established a beneficiary distribution policy. The current policy provides for annual distributions at a rate of 5% of the three-year moving average of the Permanent Fund balance (with the exception of State Hospital South which is 7%) and allows for adjustments to distributions based on factors including the level of Earnings Reserve Funds and transfers to the Permanent Funds.

Distributions to land-grant beneficiaries totaled \$88.1 million, \$84.5 million and \$80.9 million in fiscal years 2022, 2021 and 2020, respectively. The Board of Land Commissioners approved distributions of \$100.3 million and \$100.3 million in fiscal years 2023 and 2024, respectively. The table below provides a summary of land-grant beneficiary distributions.

### Beneficiary Distributions 1995-2023

*(includes special Public School distribution in 2011 of \$22M)*



On July 1, 2004, the Capitol Permanent Fund was pooled with the Endowment Fund for investment purposes. Additions to the Capitol Permanent Fund include revenue from timber lands, license plate royalties, and investment income. The EFIB authorizes distributions from the Capitol Permanent Fund to



the Capitol Maintenance Reserve Fund. Distribution from the Capitol Permanent Fund to the Capitol Maintenance Reserve Fund totaled \$1.63 million, \$1.56 million and \$1.41 million in fiscal years 2022, 2021 and 2020, respectively. Distributions from the Capitol Maintenance Reserve Fund are determined by the Capitol Commission, subject to legislative appropriation. Distributions from the Capital Maintenance Reserve Fund to the Capitol Commission were \$125,000, \$2,450,000, and \$325,000 in fiscal years 2022, 2021 and 2020, respectively.

#### **CREDIT ENHANCEMENT PROGRAM**

On July 1, 2002, the State of Idaho's Credit Enhancement Program for school district bond financing was established. This program, in accordance with Idaho Code Section 57-728 and in conjunction with Idaho Code Chapter 53, Title 33, requires the Public School Endowment Fund to purchase up to \$300 million in notes of the State that may be issued to avoid default on school district bonds. This credit enhancement allows eligible voter-approved school bonds to be issued with AAA ratings, which historically has been above the State's AA+ rating. The enhanced credit rating results in lower borrowing costs for Idaho school districts. EFIB has committed to provide credit enhancement on up to \$1.2 billion in school bonds, with a limit of \$40 million per school district. There were \$596.5 million, \$608.1 million, and \$618.9 million in bonds guaranteed by the Credit Enhancement Program as of June 30, 2022, 2021 and 2020, respectively.

#### **RISKS**

The COVID-19 pandemic has had a significant effect on global financial markets, supply chains, businesses and communities and consequently may impact various parts of operations and financial results. Management believes appropriate actions have been taken to mitigate the negative impact, however, the full impact of COVID-19 is unknown.

The Endowment Fund is aware that macroeconomic and geopolitical risks broadly affect financial markets, and it works closely with its consultant and investment managers to monitor important trends and address risks assumed in the portfolio. It also recognizes the recent escalation of cyber security risk and consistently reviews and monitors best practices used to mitigate these risks.

#### **USING THIS ANNUAL REPORT**

The annual report consists of the independent auditors' report, financial statements, notes to the financial statements and supplementary schedules. The financial statements, notes to the financial statements and supplementary schedules are prepared by the EFIB staff and are intended to give the reader a complete understanding of the Endowment Fund. The financial statements consist of the Governmental Balance Sheets and Statements of Net Position, the Governmental Statements of Revenues, Expenditures and Changes in Governmental Fund Balances and the Statements of Governmental Activities. The notes to the financial statements are an integral part of the financial statements and provide additional information on the Endowment Fund and its operations.

**STATE OF IDAHO ENDOWMENT FUND**  
**GOVERNMENTAL BALANCE SHEETS AND STATEMENTS OF NET POSITION -**  
**GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2022 AND 2021**



<b>Assets:</b>	<b>2022</b>	<b>2021</b>
Investments, at Fair Value	\$ 2,723,493,232	\$ 3,117,669,982
Receivable for Unsettled Trades	59,034,380	48,432,418
Receivable From Idaho Department of Lands	1,001,580	2,327,982
Accrued Interest and Dividends Receivable	6,383,324	6,715,855
Prepaid Expenses to the Department of Lands	5,579,481	7,141,576
<b>Total Assets</b>	<b>\$ 2,795,491,996</b>	<b>\$ 3,182,287,813</b>
<b>Liabilities:</b>		
Payable for Unsettled Trades	\$ 69,454,870	\$ 71,605,011
Investment Manager Expenses Payable	2,474,321	2,840,242
<b>Total Liabilities</b>	<b>71,929,191</b>	<b>74,445,253</b>
<b>Fund Balances:</b>		
Nonexpendable - Permanent Funds	2,130,376,793	1,909,079,493
Expendable - Earnings Reserve Funds	593,186,012	1,198,763,067
<b>Total Fund Balances</b>	<b>2,723,562,805</b>	<b>3,107,842,560</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,795,491,996</b>	<b>\$ 3,182,287,813</b>

*The EFIB has one liability that is not included in the Statement of Net Position, which makes it different from modified accrual to full accrual basis. The difference is the Lease payable that is required to be disclosed through GASB Statement No. 87. The Lease liability for 2022 and 2021 were \$38,333 and \$76,667, respectively. This liability is offset by a corresponding asset, Lease - Right to Use, and therefore not included in the Statement of Net Position.*

<b>Statement of Net Position:</b>		
Restricted for Permanent Trust - Nonexpendable	\$ 2,130,376,793	\$ 1,909,079,493
Restricted for Permanent Trust - Expendable	593,186,012	1,198,763,067
<b>Total Net Position - Governmental Activities</b>	<b>\$ 2,723,562,805</b>	<b>\$ 3,107,842,560</b>

See Notes to Financial Statements

STATE OF IDAHO ENDOWMENT FUND  
GOVERNMENTAL STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
GOVERNMENTAL FUND BALANCES AND STATEMENTS OF GOVERNMENTAL ACTIVITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021



<b>Revenues:</b>	<u>2022</u>	<u>2021</u>
Receipts from the Department of Lands		
Permanent Receipts	\$ 53,797,648	\$ 34,401,055
Earnings Reserve Receipts	83,905,915	86,471,855
Net Income (Loss) from Investments	<u>(393,665,129)</u>	<u>716,607,386</u>
<b>Total Revenues</b>	<u>(255,961,566)</u>	<u>837,480,296</u>
<b>Expenditures:</b>		
Department of Lands	27,408,829	26,895,548
EFIB	<u>12,707,860</u>	<u>12,053,782</u>
<b>Total Expenditures</b>	<u>40,116,689</u>	<u>38,949,330</u>
<b>Revenues Over (Under) Expenditures</b>	(296,078,255)	798,530,966
<b>Other Financing Uses</b>		
Distributions to Beneficiaries	<u>88,201,500</u>	<u>86,970,800</u>
<b>Net Increase (Decrease) in Fund Balance</b>	<u>(384,279,755)</u>	<u>711,560,166</u>
<b>Fund Balance - Beginning of Year</b>	<u>3,107,842,560</u>	<u>2,396,282,394</u>
<b>Fund Balance - End of Year</b>	<u>\$ 2,723,562,805</u>	<u>\$ 3,107,842,560</u>

There were no expenses which require the use of current financial resources. The amount for the Change in Net Position (shown below) is the same amount as shown above in the Governmental Statement of Revenues, Expenditures and Changes in Governmental Fund Balances. The EFIB expense amount does reflect the cost of principal and interest for the Lease Payable and the Right of Use under GASB 87. For FY 2022 and 2021, the principal paid was \$38,334, and \$38,334, the interest paid was \$10,226, and \$8,812, respectively.

<b>Change in Net Position - Government Activities</b>	<u>\$ (384,279,755)</u>	<u>\$ 711,560,166</u>
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See Notes to Financial Statements

## NOTE 1 - GENERAL DESCRIPTION OF THE FUND

The Endowment Fund Investment Board (the EFIB) is charged with administration and investment management responsibilities for the State of Idaho Endowment Fund (the "Endowment Fund"), which is comprised of Permanent and Earnings Reserve Funds for beneficiaries including Public School, Agricultural College, Charitable Institutions, Normal School, Penitentiary, School of Science, State Hospital South, and University of Idaho Endowment Funds, as well as the Capitol Permanent Fund and Capitol Maintenance Reserve Fund.

The Endowment Fund is part of the State of Idaho's financial reporting and is included in the State's Annual Comprehensive Financial Report (ACFR). The Endowment Fund is invested according to investment policies recommended by the EFIB Board and established by the Idaho State Board of Land Commissioners.

The EFIB has no control over assets held by the Idaho Department of Lands (IDL); therefore, the EFIB gives accounting recognition only when transactions related to endowment land assets are completed by IDL.

### Endowment Fund Investment Reform Legislation

On July 1, 2000, the EFIB significantly changed operations and reporting of the Endowment Fund, under legislation enacted by the Idaho Legislature in 1998.

The legislation provides that:

- (1) The EFIB, as trustees, will control, manage and invest the Endowment Fund according to policies established by the Idaho State Board of Land Commissioners.
- (2) The application of the Uniform Prudent Investor Act replaces the previous, more restrictive, investment criteria.
- (3) An Earnings Reserve Fund was established to create a buffer to preserve the Permanent Fund balances.
- (4) Administrative costs are to be paid from earnings of the Endowment Fund instead of from annual General Fund appropriations.
- (5) Distributions to beneficiaries are determined by the Idaho State Board of Land Commissioners and are to be paid from the Earnings Reserve Funds, which include investment earnings, net capital gains and certain receipts from IDL.

In March 2004, legislation was enacted which establishes an objective that the Permanent Funds of each endowment grow from June 2000 levels at least at the cumulative rate of inflation plus deposits. Further, it provides that any income and market appreciation of the Permanent Funds can only be transferred to the Earnings Reserve Funds if that objective has been achieved.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

### *Financial Reporting Entity*

The financial statements reflect the assets of the Endowment Fund and are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

The Endowment Fund is part of the State of Idaho reporting entity based on certain GASB criteria. These statements present only the Endowment Fund and are not intended to present the financial position and results of operations of the State of Idaho in conformity with generally accepted accounting principles in the United States of America.

### *Basis of Presentation*

The Endowment Fund is accounted for and reported as a Permanent Fund as defined by GASB and uses the modified accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenditures are recognized when they are incurred. The statement of net position and the statement of activities display information about the Endowment Fund and includes the financial activity of the overall reporting entity. These statements report all activities of the Endowment Fund as a governmental type activity. Given the type of assets and liabilities held by Endowment Fund, there are no adjustments required to convert from modified accrual basis to full accrual basis as required by GASB.

### *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### *Investments*

According to policies established by the State Board of Land Commissioners, the EFIB is authorized to invest the Endowment Fund in certain fixed income, real estate and equity investments as defined by the investment policy of the EFIB and consistent with Idaho Code Section 57-723. This section states in part, "The EFIB and its investment manager(s) or custodian(s) shall be governed by the Idaho Uniform Prudent Investor Act (Chapter 5, Title 68, Idaho Code), and shall invest and manage the assets of the respective trusts in accordance with that act and the Idaho constitution." In accordance with this code section, the EFIB's investment policy, specifies that the Endowment Funds may be invested in equities (61% to 71% of the investment portfolio, with a target of 66%), fixed income (21% to 27% of the investment portfolio, with a target of 24%), and real estate (7% to 13% of the investment portfolio, with a target of 10%).

The following is a list of investments by asset class allowed by the general investment policy:

- (1) Cash Equivalents: Treasury bills; money market funds; STIF funds; commercial paper; banker's acceptances; repurchase agreements; certificates of deposit.
- (2) Fixed Income: U.S. government and agency securities; bank loans; corporate notes and bonds; residential mortgage backed bonds; commercial mortgage backed bonds; municipal bonds, infrastructure securities, USD and non-USD fixed income securities of foreign governments and corporations; planned amortization class collateralized mortgage obligations; or other "early tranche" CMO's; Sequential pay CMO's; collateralized loan obligations, asset backed securities; convertible notes and bonds; Securities defined under Rule 144A and Section 4(2) of Securities Act of 1933; or securities eligible for inclusion in the Bloomberg Barclays Aggregate Bond Index.
- (3) Equities: Common stocks; convertible preferred stocks; preferred stocks; REITS; American depository receipts (ADRs); stocks of non-U.S. companies (ordinary shares).
- (4) Real Estate: Domestic, private, open-end, core comingled funds, REITS.
- (5) ETFs, Mutual Funds and Collective Funds which invest in securities as allowed in this statement or as permitted in Investment Manager Guidelines. Investment managers will advise the MOI of their intent to utilize ETFs prior to their purchase, what specific ETFs they intend to use and the purposes they serve.
- (6) Futures, Options and Swaps: The EFIB may use financial index futures and options in order to adjust the overall effective asset allocation of the entire portfolio or it may use swaps, futures or options to hedge interest rate or currency exposure. For example, S&P 500 and 10-Year Treasury futures may be used to equitize idle cash and to passively rebalance the portfolio. Futures and options positions are not to be used for speculation, and the EFIB must specifically approve the program for each type of use. Derivative exposure must have sufficient cash, cash equivalents, offsetting derivatives or other liquid assets to cover such exposures. Investment securities are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. Purchase and sale transactions are recorded on the trade date.
- (7) Derivative securities: Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Most derivative securities are derived from equity or fixed income securities and are packaged in the form of options, futures, and interest rate swaps, among others. Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to list specific derivatives that are prohibited from investment, rather it will form a general policy on derivatives. Unless a specific type of derivative security is allowed in the Investment Manager Guidelines, the Investment Manager(s) must seek written permission from the EFIB to include derivative investments in the Fund's portfolio. The Investment Manager(s) must present detailed written information as to the expected return and risk characteristics of such investment vehicles.

(8) Investment securities are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. Purchase and sale transactions are recorded on the trade date.

In fiscal years 2022 and 2021, the EFIB utilized index futures for cash equitization and passive rebalancing. Index futures obligate the buyer to purchase an asset (or the seller to sell an asset) at a predetermined future date and price. Futures contracts detail the quality and quantity of the underlying asset and are standardized to facilitate trading on a futures exchange.

The table below summarizes the various contracts in the portfolio as of June 30, 2022. The notional value of these instruments is not recorded in the financial statements.

<b>Derivatives</b>	<b>Expiration Date</b>	<b>Contracts</b>	<b>Notional Value</b>	<b>Unrealized Gain/(Loss)</b>
Swaps	Various	24	\$82,939,069	\$2,699,148
Equity Contracts	Various	2	\$129,230	\$0
Foreign Exchange Contracts	Various	51	(\$255)	(\$468,424)
Interest Rate Contracts	Various	14	\$709	\$0

The table below summarizes the various contracts in the portfolio as of June 30, 2021. The notional value of these instruments is not recorded in the financial statements.

<b>Derivatives</b>	<b>Expiration Date</b>	<b>Contracts</b>	<b>Notional Value</b>	<b>Unrealized Gain/(Loss)</b>	<b>Required Margin</b>
10-Year Treasury Notes	Sept. 2021	411	\$54,497,739	\$289,862	\$1,105,303
Swaps	Various	22	\$70,881,021	\$1,125,281	
Equity Contracts	Various	1	\$7,427	\$0	
Foreign Exchange Contracts	Various	54	\$8,354,005	\$385,472	

#### *Expendable and Nonexpendable Net Position*

The net position of the Earnings Reserve Funds is the expendable assets of the Endowment Fund. These expendable assets are used for distributions to beneficiaries and distributions for expenses of the EFIB and the IDL. The net position of the Permanent Funds is the nonexpendable assets.

#### *Income from Investments*

Income from investments is recognized when earned and includes interest, dividends, other income, and market appreciation (realized and unrealized). Income from investments is allocated and distributed to each fund participating in the investment pool in the same ratio that each fund's average daily balance bears to the total daily balance of all funds. Income from investments is recorded on an accrual basis.

Within each endowment, income from investments is further allocated to its Permanent Fund and Earnings Reserve Fund in accordance with Idaho Code Sections 57-723A and 57-724A. The definition of

“income” to be allocated depends on whether or not the Permanent Fund portion of an endowment fund has exceeded, at the end of the fiscal year, its “Gain Benchmark” as defined in statute.

The Gain Benchmark, as specified in Idaho Code Section 57-724, represents the desired or targeted value of principal or corpus in each endowment fund (excluding Capitol Permanent). It is determined by starting with the balance at June 30, 2000, and adding deposits (mainly extracted minerals from endowment land and the sale of endowment land), the annual impact of inflation (based on the Consumer Price Index – All Urban (CPI)), and certain reinvested income (transfers from Earnings Reserve designated by the Land Board as a permanent increase in corpus). The level of the Gain Benchmark determines whether income from investments in the Permanent Fund should be retained to offset inflation and previous losses or is eligible to be transferred to the Earnings Reserve as distributable income. The Permanent Funds at the end of FY2022 were below the gain benchmark and 2021 were at the gain benchmark.

#### *Losses in Principal of the Permanent Funds*

At the end of each fiscal year, the EFIB is required to calculate whether the fair market values of the Permanent Funds are below the principal or Loss Benchmark level as defined in statute (June 30, 2000 value adjusted for deposits – primarily revenues from extracted minerals and proceeds of land sales).

A loss in principal of the Public School Permanent Fund is made up as follows:

- (1) The State Board of Land Commissioners may transfer any funds in the Public School Earnings Reserve Fund that they determine will not be needed for administrative costs or scheduled distributions in the following fiscal year to the Public School Permanent Fund, to make up for any prior losses in value.
- (2) If funds transferred from the Earnings Reserve Fund are insufficient to make up all losses in value to the Public School Permanent Fund, the remaining loss shall be made up, within ten years, by legislative transfer or appropriation. If subsequent gains, as determined pursuant to the statute, or transfers from the Earnings Reserve Fund, make up for any remaining loss before this ten-year period expires, then no legislative transfer or appropriation shall be necessary.

A loss in principal of the Permanent Funds other than the Public School Permanent or Capitol Permanent Funds shall be made up from Earnings Reserve Fund monies that the State Board of Land Commissioners determines will not be needed for administrative costs or scheduled distributions to each endowment’s respective beneficiary.

Federal law requires that losses to the Agricultural College fund must be made up by the State, but the requirement to restore losses to that endowment has not been established in statute.

There is no statutory requirement to make up losses or calculate a Gain or Loss Benchmark in the Capitol Permanent Fund.



#### *Distributions to Beneficiaries*

With the exception of the Capitol Funds, distributions to the other eight beneficiaries are authorized annually by the State Board of Land Commissioners and are made in equal installments on approximately the 10th of each month. Distributions to the Capitol Maintenance Reserve Fund from the Capitol Permanent Fund are authorized by the EFIB and distributed in July of each fiscal year. Distributions from the Capitol Maintenance Reserve Fund are authorized by the Capitol Commission.

#### *Pensions*

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to or deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, see Note 10.

#### *Other*

Investments have risks that the other parties to securities transactions do not fulfill their contractual obligations. The EFIB attempts to minimize such risks by diversifying the portfolio investments, monitoring investment grade and quality, and purchasing primarily investment grade fixed income securities.

The EFIB does not intend to use market timing as an investment strategy. However, the investment policy provides the flexibility for tactical asset allocation and rebalancing using capitalizations, investment styles, sectors, and other factors.

**STATE OF IDAHO ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**



**NOTE 3 - INVESTMENTS**

Investments at June 30, 2022 and 2021:

<b>Fund Investments</b>	<b>2022</b>		<b>2021</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Barrow, Hanley	\$ 45,122,059	\$ 52,001,283	\$ 39,369,636	\$ 63,693,476
Boston Partners	111,621,806	131,423,125	110,293,234	153,702,774
CBRE	103,795,028	105,169,663		
Clearwater Advisors	860,473	860,473	1,773,500	1,773,500
DoubleLine Capital - Core Plus	195,685,816	176,691,383	171,994,662	173,660,108
Eagle Asset Management	52,911,034	53,864,850	46,734,973	69,938,505
Fiera Capital Global	84,496,947	117,213,894	86,198,904	146,027,509
LSV Asset Management	115,961,234	137,771,630	106,477,023	150,477,512
Northern Trust Money Market Fund*	12,995,900	12,995,900	165,675,084	360,350,820
NTGI S&P 500 Index	161,643,589	290,608,746	13,993,093	13,993,092
RREEF America REIT II IN	141,377,096	190,544,384	91,438,249	103,910,932
Sands Capital Management	159,157,932	126,994,027	94,938,404	169,960,114
Schroders QEP International Value	233,811,050	211,475,134	231,454,462	261,321,013
State Street Global Advisors	289,584,674	263,010,593	414,750,037	433,663,884
Sycamore Capital Mid Cap	105,515,961	112,619,316	92,405,031	116,838,687
TimesSquare Capital Management	97,381,812	100,274,832	88,247,501	124,968,491
UBS Trumbull Property	37,839,381	45,122,987	90,757,522	98,485,369
Vanguard Dev Market Index Fund	81,291,420	77,445,670	48,804,594	62,506,649
WCM Focused Growth	188,062,984	214,312,112	149,989,430	270,627,184
Wellington Global	134,230,597	118,154,830	119,517,522	143,695,182
Western Asset Management - US Core	185,303,775	174,517,909	166,876,357	174,902,588
<b>Total Fund Investments</b>	<b>2,538,650,569</b>	<b>2,713,072,742</b>	<b>2,331,689,218</b>	<b>3,094,497,389</b>
Pending Trades:				
Receivable for Investments Sold	(59,034,380)	(59,034,380)	(48,432,418)	(48,432,418)
Payable for Investments Purchased	69,454,870	69,454,870	71,605,011	71,605,011
<b>Total Net Investments</b>	<b>\$ 2,549,071,059</b>	<b>\$ 2,723,493,232</b>	<b>\$ 2,354,861,810</b>	<b>\$ 3,117,669,982</b>

\*This is cash that is not allocated to an investment manager

**CUSTODIAL CREDIT RISK** - The EFIB minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to EFIB ownership and further to the extent possible, be held in the EFIB's name. At June 30, 2022, all Endowment Fund investments were insured or registered investments, or investments held by the EFIB or their agent in the EFIB's name.

The State Treasurer, per the State Constitution, is the custodian of the investments of the Public School Endowment Fund. Investments for the Endowment Fund are held under a safekeeping agreement with the Trust Department of the Northern Trust Company.

**STATE OF IDAHO ENDOWMENT FUND**  
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**CONCENTRATION OF CREDIT RISK** – The EFIB minimizes exposure to concentration of credit risk by establishing concentration of credit risk limits in investment manager portfolio guidelines. As of June 30, 2022 and 2021, the Endowment Fund did not hold any credit positions exceeding 5% of the total portfolio, other than securities issued or guaranteed by the United States government.

As of June 30, 2022 and 2021, the Endowment Funds held \$71.7 million and \$82.3 million, respectively, in a comingled Treasury-only money market fund rated AAAM by S&P with a modified adjusted duration of 0.1 years. These balances as of June 30, 2022 and 2021, include \$58.2 million and \$13.5 million of general cash and \$20.0 million and \$7.7 million of cash held in accounts allocated to the Funds' bond and equity managers, respectively.

As of June 30, 2022 and 2021, the Endowment Fund's fixed income investments had the following characteristics:

**Credit Ratings Summary by Market Value-Moody's**  
**As of June 30, 2022**

Investment Type	Modified Duration	Aaa	Agy	Aa	A	Baa	Ba	B	>B	NR/Not Available	Total
Asset Backed Securities	2.5	\$ 983,242	\$ -	\$ 1,813,163	\$ 2,581,898	\$ 10,621,468	\$ 1,730,982	\$ -	\$ 4,065,449	\$ 2,087,018	\$ 23,883,220
Bank Loans	0.0	-	-	-	-	-	238,621	394,724	-	-	633,345
Commercial Mortgage-Backed	3.6	6,069,222	-	2,820,004	3,979,938	2,256,084	934,000	1,013,183	96,095	1,265,096	18,433,622
Corporate Bonds	7.1	3,073,267	-	5,710,101	54,641,307	81,999,269	12,042,832	4,424,923	1,177,031	823,530	163,892,260
Corporate Convertible Bonds	9.0	-	-	-	47,570	-	327,638	-	-	-	375,208
Funds - Corporate Bond	7.0	-	-	12,912,075	-	-	-	-	-	-	12,912,075
Funds - Government Agencies	2.0	-	1,675,501	-	-	-	-	-	-	-	1,675,501
Funds - Other Fixed Income	4.6	-	-	-	-	17,097,491	22,441,448	-	-	-	39,538,938
Government Agencies	3.9	7,475,320	458,751	904,765	357,134	882,149	165,073	-	-	405,450	10,648,643
Government Bonds	8.2	154,592,324	3,868,272	459,586	1,580,001	10,441,721	1,055,519	128,942	-	-	172,126,365
Government Mortgage Backed Secur	8.4	389,467	132,731,832	-	-	-	-	-	-	122,247	133,243,546
Govt-issued Commercial Mortgage-B	5.8	-	2,580,893	-	-	-	-	-	-	-	2,580,893
Municipal/Provincial Bonds	8.6	396,025	-	1,525,552	508,398	100,484	-	-	-	144,411	2,674,869
Non-Government Backed C.M.O.s	3.8	2,396,983	-	-	294,810	1,718,477	712,555	-	4,285,602	3,566,833	12,975,261
Total		\$ 175,375,850	\$ 141,315,249	\$ 26,145,246	\$ 63,991,056	\$ 108,019,652	\$ 34,304,711	\$ 28,403,220	\$ 9,624,177	\$ 8,414,585	\$ 595,593,746

**Credit Ratings Summary by Market Value-Moody's**  
**As of June 30, 2021**

Investment Type	Modified Duration	Aaa	Agy	Aa	A	Baa	Ba	B	>B	NR/Not Available	Total
Asset Backed Securities	3.4	\$ 634,598	\$ -	\$ 557,342	\$ 887,041	\$ 16,727,126	\$ -	\$ 2,059,074	\$ 5,202,441	\$ 1,587,164	\$ 27,654,786
Commercial Mortgage-Backed	4.5	4,100,776	-	832,798	11,850,948	752,120	121,352	1,456,371	-	1,874,057	20,988,422
Corporate Bonds	7.9	2,529,872	-	10,723,126	59,478,117	87,573,730	11,657,856	4,311,568	1,700,990	3,850,159	181,825,418
Corporate Convertible Bonds	3.7	-	-	-	-	54,040	-	193,964	-	198,671	446,675
Funds - Corporate Bond	3.8	-	-	11,846,050	-	-	-	-	-	-	11,846,050
Funds - Government Agencies	7.0	-	8,455,481	-	-	-	-	-	-	-	8,455,481
Funds - Other Fixed Income	2.0	342,914	-	-	-	199,211	1,833,019	30,079,719	222,031	81,711	32,758,605
Government Agencies	4.6	10,034,763	352,422	1,356,973	746,391	-	594,955	-	-	139,278	13,224,781
Government Bonds	8.0	177,312,240	3,935,614	1,405,749	1,999,948	15,522,069	1,980,446	405,119	-	892,540	203,453,726
Government Mortgage Backed Secur	4.3	-	128,742,710	-	-	91,385	-	-	-	179,219	129,013,314
Govt-issued Commercial Mortgage-B	5.9	-	3,146,659	-	-	-	-	-	-	-	3,146,659
Index Linked Government Bonds	5.0	118,513,322	-	-	-	-	-	-	-	-	118,513,322
Municipal/Provincial Bonds	9.4	412,664	-	1,827,743	307,763	224,268	-	-	-	463,315	3,235,752
Non-Government Backed C.M.O.s	4.0	-	-	-	7,266,981	-	-	-	3,886,535	812,819	11,966,336
Total		\$ 313,881,149	\$ 144,632,886	\$ 28,549,781	\$ 82,537,189	\$ 121,143,949	\$ 16,187,628	\$ 38,505,815	\$ 11,011,997	\$ 10,078,933	\$ 766,529,327

\*The Ba column includes bonds that are split rate and meet the minimum requirement of one of the two ratings agencies specified in the EFIB Statement of Investment Policy.

CREDIT RISK - EFIB Investment policy limits fixed income securities to: U.S. government and agency securities; bank loans; corporate notes and bonds; residential mortgage backed bonds; commercial mortgage backed bonds; municipal bonds, infrastructure securities, USD and non-USD fixed income securities of foreign governments and corporations; planned amortization class collateralized mortgage obligations; or other “early tranche” CMO’s; Sequential pay CMO’s; collateralized loan obligations, asset backed securities; convertible notes and bonds; Securities defined under Rule 144A and Section 4(2) of Securities Act of 1933; or any other fixed income securities eligible for inclusion in the Bloomberg Barclays U.S. TIPS Index or Bloomberg Barclays Aggregate Bond Index.

INTEREST RATE RISK - Managers will provide EFIB with the expected portfolio duration in their portfolio guidelines. If the duration of the portfolio differs from expectations, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

**STATE OF IDAHO ENDOWMENT FUND**  
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FOREIGN CURRENCY RISKS – The EFIB’s Investment Policy Statement permits investments in international securities. The Endowment Fund’s exposure to foreign currency risk is as follows:

Investment and Country	Currency	2022	2021
		Fair Value	Fair Value
Argentina	ARS	\$ 60,396	\$ 78,982
Australia	AUD	14,876,908	16,156,726
Brazil	BRL	2,454,849	8,585,547
Canada	CAD	23,582,838	20,080,705
Chile	CLP	69,318	285,859
Chinese Yuan	CNY	(1,068,000)	(2,716,323)
Chinese Yuan (HK)	CNH	547,474	530,655
Czech Republic	CZK	-	193,145
Denmark	DKK	12,522,555	12,779,517
European Monetary Union	EUR	85,159,786	96,455,042
Great Britain	GBP	53,461,852	58,199,470
Hong Kong	HKD	38,329,820	57,610,838
Hungary	HUF	677,853	579,395
India	INR	223,880	237,737
Indonesia	IDR	2,811,633	2,990,765
Israel	ILS	257,221	565,447
Japan	JPY	51,008,648	74,146,943
Malaysia	MYR	357,890	1,088,224
Mexico	MXN	5,899,658	6,429,800
New Zealand	NZD	52,919	285,827
Norway	NOK	5,293,768	3,904,709
Philippines	PHP	-	36,196
Poland	PLN	790,262	1,927,002
Russia	RUB	20,759	3,860,543
Singapore	SGD	1,987,260	1,865,961
South Africa	ZAR	2,229,621	2,390,829
South Korea	KRW	12,888,518	18,489,283
Sweden	SEK	16,641,778	17,037,300
Switzerland	CHF	52,110,996	54,491,984
Taiwan	TWD	14,163,346	19,215,670
Thailand	THB	1,990,359	2,121,509
Turkey	TRY	149,369	2,251,170
Total		<u>\$ 399,553,532</u>	<u>\$ 482,156,457</u>

**STATE OF IDAHO ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 – INCOME FROM INVESTMENTS**

Per Idaho Code Section 57-724A, income distributed to the Earnings Reserve Fund includes the Permanent Fund's total cumulative income (interest, dividends and market appreciation/depreciation) above its Gain Benchmark (original principal, adjusted for deposits and inflation). The Permanent Fund retains any income to the extent of inflation and any cumulative losses carried forward from the previous year.

The Components of net income/(loss) from investments for Fiscal Year 2022 and their allocation are shown below:

**Permanent Fund Income**  
**For the Fiscal Year Ended June 30, 2022**

<b>Endowment</b>	<b>Net Decrease in Fair Value</b>	<b>Interest, Dividends and Other Income</b>	<b>Cap Perm Fund Interest and Dividends</b>	<b>Total Investment Income</b>
Public School	\$ (220,709,759)	\$ 28,776,270	\$ -	\$ (191,933,490)
Agricultural College	(7,222,134)	933,726	-	(6,288,408)
Charitable	(25,701,825)	3,323,814	-	(22,378,011)
Normal School	(25,347,698)	3,310,084	-	(22,037,614)
Penitentiary	(11,900,424)	1,529,096	-	(10,371,328)
School of Science	(24,744,312)	3,190,529	-	(21,553,783)
State Hospital South	(21,134,778)	2,761,618	-	(18,373,160)
University of Idaho	(21,957,528)	2,851,014	-	(19,106,514)
Capitol Permanent **	(6,082,878)		853,236	(5,229,642)
<b>Total</b>	<b>\$ (364,801,336)</b>	<b>\$ 46,676,151</b>	<b>\$ 853,236</b>	<b>\$ (317,271,949)</b>

\* For all Permanent funds (except Capitol Permanent), any cumulative total income vs. the Gain Benchmark is allocated to the Earning Reserve Fund as part of Allocation of Permanent Fund Gain in the table below.

\*\*The Capitol Permanent Fund retains its interest and dividends.

**Earnings Reserve Fund Income**  
**For the Fiscal Year Ended June 30, 2022**

<b>Endowment</b>	<b>Net Decrease in Fair Value</b>	<b>Interest, Dividends and Other Income</b>	<b>Allocation of Permanent Fund Gain *</b>	<b>Total Investment Loss</b>
Public School	\$ (56,848,219)	\$ 9,736,329		\$ (47,111,890)
Agricultural College	(1,665,379)	293,504		(1,371,875)
Charitable	(5,976,123)	1,064,733		(4,911,390)
Normal School	(6,552,835)	1,100,434		(5,452,400)
Penitentiary	(2,754,345)	501,148		(2,253,197)
School of Science	(5,496,751)	1,009,861		(4,486,890)
State Hospital South	(6,426,862)	1,099,868		(5,326,994)
University of Idaho	(4,972,181)	896,513		(4,075,667)
Capitol Maintenance **	(1,613,601)	210,726	-	(1,402,876)
<b>Total</b>	<b>\$ (92,306,296)</b>	<b>\$ 15,913,115</b>	<b>\$ -</b>	<b>\$ (76,393,180)</b>

\* All Endowments (except Capitol Permanent), are allocated the Permanent Fund's total cumulative income over the Gain Benchmark.

\*\*The Capitol Maintenance Fund retains its proportionate share of interest and dividends and the net increase or decrease in fair value.

**STATE OF IDAHO ENDOWMENT FUND**  
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The Components of income from investments for Fiscal Year 2021 and their allocation are shown below:

**Permanent Fund Income**  
**For the Fiscal Year Ended June 30, 2021**

<b>Endowment</b>	<b>Net Increase in Fair Value</b>	<b>Income Retained to Offset Inflation or Losses *</b>	<b>Cap Perm Fund Interest and Dividends</b>	<b>Total Investment Income</b>
Public School	\$ -	\$ 25,890,301	\$ -	\$ 25,890,301
Agricultural College	-	755,708	-	755,708
Charitable	-	2,883,380	-	2,883,380
Normal School	-	2,651,556	-	2,651,556
Penitentiary	-	1,280,585	-	1,280,585
School of Science	-	2,759,334	-	2,759,334
State Hospital South	-	2,175,312	-	2,175,312
University of Idaho	-	2,411,282	-	2,411,282
Capitol Permanent **	8,989,347	-	807,266	9,796,613
<b>Total</b>	<b>\$ 8,989,347</b>	<b>\$ 40,807,458</b>	<b>\$ 807,266</b>	<b>\$ 50,604,070</b>

\* For all Permanent funds (except Capitol Permanent), any cumulative total income vs. the Gain Benchmark is allocated to the Earning Reserve Fund as part of Allocation of Permanent Fund Gain in the table below).

\*\*The Capitol Permanent Fund retains its interest and dividends.

**Earnings Reserve Fund Income**  
**For the Fiscal Year Ended June 30, 2021**

<b>Endowment</b>	<b>Net Increase in Fair Value</b>	<b>Interest, Dividends and Other Income</b>	<b>Allocation of Permanent Fund Gain *</b>	<b>Total Investment Gain</b>
Public School	\$ 90,136,525	\$ 36,003,209	\$ 281,947,172	\$ 408,086,906
Agricultural College	3,282,747	1,160,340	8,866,554	13,309,641
Charitable	11,757,057	4,174,909	31,519,666	47,451,632
Normal School	10,420,410	3,778,140	31,679,626	45,878,177
Penitentiary	6,200,882	1,861,194	13,658,819	21,720,895
School of Science	12,051,876	3,926,701	29,440,604	45,419,181
State Hospital South	11,997,304	3,438,697	26,182,982	41,618,983
University of Idaho	10,613,967	3,472,558	26,064,126	40,150,650
Capitol Maintenance **	2,148,176	219,075	-	2,367,251
<b>Total</b>	<b>\$ 158,608,945</b>	<b>\$ 58,034,823</b>	<b>\$ 449,359,548</b>	<b>\$ 666,003,316</b>

\* All Endowments (except Capitol Permanent), are allocated the Permanent Fund's total cumulative income over the Gain Benchmark.

\*\*The Capitol Maintenance Fund retains its proportionate share of interest and dividends and the net increase or decrease in fair value.

The components of Interest, Dividends and Other Income are shown below:

<b>Income From Investments</b>	<b>2022</b>	<b>2021</b>
Interest, Other Income and Fees	\$ 30,475,838	\$ 30,707,181
Dividends	32,966,664	28,134,908
<b>Total</b>	<b>\$ 63,442,502</b>	<b>\$ 58,842,089</b>

#### NOTE 5 – CLIENT EXPENDITURES

Four clients, representing twelve additional perpetual funds in Fiscal Year 2022 and 2021, are included in the same comingled investment pool as the Endowment Fund and their assets totaled \$162 million and \$186 million as of June 30, 2022 and 2021, respectively. These balances are not included in the EFIB financial statements.

In fiscal year 2022, expenses of the EFIB were paid from the Earnings Reserve Funds and by the EFIB's other clients. The portions paid by the other clients were paid under investment management contracts and are not considered an expenditure of the Endowment Funds and are therefore not included as expenditures or as reimbursements in these financial statements. Total expenditures were \$790,157 and \$696,243 for the fiscal years ended June 30, 2022 and 2021, respectively.

#### NOTE 6 – BENEFICIARY DISTRIBUTIONS

Distributions to beneficiaries for the Fiscal Years ended June 30, 2022 and 2021 are shown below.

<b>Total Fund Distributions</b>		
<b>Beneficiary</b>	<b>2022</b>	<b>2021</b>
Public School	\$ 54,798,000	52,586,400
Agricultural College	1,660,000	1,551,600
Charitable Institutions	6,179,000	5,991,600
Normal School	5,487,500	5,334,000
Penitentiary	2,689,500	2,500,800
School of Science	5,735,500	5,420,400
State Hospital South	6,425,000	6,369,600
University of Idaho	5,102,000	4,766,400
Subtotal	88,076,500	84,520,800
Capitol Maintenance	125,000	2,450,000
Total Distributions	\$ 88,201,500	\$ 86,970,800



Pursuant to Idaho Code Section 66-1106, the Charitable Institutions Endowment Fund income is distributed to five institutions according to the factors shown below. Distributions to these sharing institutions for the years ended June 30, 2022 and 2021, were as follows:

Charitable Institutions			
Beneficiaries	Factor	2022 Distribution	2021 Distribution
Idaho State University Fund	8/30	\$ 1,647,733	\$ 1,597,760
State Juvenile Corrections Institutions	8/30	1,647,733	1,597,760
School for the Deaf and Blind Fund	1/30	205,967	199,720
Veterans Home Fund	5/30	1,029,833	998,600
State Hospital North Fund	8/30	1,647,734	1,597,760
Total		<u>\$ 6,179,000</u>	<u>\$ 5,991,600</u>

Pursuant to Idaho Code Section 33-3301B, the Normal School Endowment Fund Income is distributed to the two institutions shown below. Distributions to these sharing institutions for the years ended June 30, 2022 and 2021:

Normal School			
Beneficiaries	%	2022 Distribution	2021 Distribution
Idaho State University, Pocatello	50%	\$ 2,743,750	\$ 2,667,000
Lewis-Clark State College, Lewiston	50%	2,743,750	2,667,000
Total		<u>\$ 5,487,500</u>	<u>\$ 5,334,000</u>

#### NOTE 7 – CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICT BONDS

On July 1, 2002, the State of Idaho's Credit Enhancement Program for school district bonds became effective. This program, in accordance with Idaho Code Section 57-728 and in conjunction with Idaho Code Chapter 53, Title 33, currently requires the Public School Endowment Fund to purchase up to \$300 million in notes of the State of Idaho that are issued to avoid the default of a voter-approved school district bond that has been guaranteed by the program.

The capacity of the School Bond Credit Enhancement Program to guaranty payments on general obligation school bonds is \$300 million and the bond principal that can be guaranteed is \$1.2 billion. The maximum available to any one district for bond principal is \$40 million.

As of June 30, 2022, \$596.5 million of bonds guaranteed by the Credit Enhancement Program remained outstanding. Expected principal and interest payments in the coming year total \$71.9 million. As of June 30, 2021, \$608.1 million of bonds guaranteed by the Credit Enhancement Program remained outstanding.

The Public School Endowment Fund would only be required to loan monies to the State to make payments on school bonds after several other potential funding sources have been exhausted. If a school district

does not make timely prepayment of debt service on guaranteed bonds, the State Treasurer is required to make the payment, if possible, by intercepting monies due to that school district from the State, including General Fund payments and distributions from the Public School Endowment Fund. If these funds are not sufficient to meet the debt service payment, the State Treasurer is required to utilize any available funds from the state sales tax account. If all these sources prove insufficient to make the payment, the Treasurer may borrow the remaining amount from the Public School Endowment Fund, at a rate of 400 basis points above one-year Treasury Bills. This loan from the Endowment Fund would be repaid by the intercept of future state funds due to the school district and other sources.

Since July 2009, the EFIB has charged an application fee to offset administrative costs and a guaranty fee that is deposited in the Public School Endowment Fund for providing the ongoing credit enhancement. Application fees for fiscal year 2022 totaled \$1,000 and guaranty fees, included in Income from Investments, totaled \$15,335. Application fees for fiscal year 2021 totaled \$3,000 and guaranty fees, included in Income from Investments, totaled \$17,326.

#### **NOTE 8 – BUDGETARY COMPARISON**

Budgets are adopted on a cash basis for the Endowment Fund. The budget for administrative expenses (personnel, operating and capital outlay) from the Earnings Reserve Funds is approved by the legislature on an annual basis. Expenses for consulting fees, bank custodial fees, and portfolio-related external costs are continually appropriated by the Idaho Legislature on an annual basis. The EFIB is not required by law to adopt or publish an overall budget for operations.

#### **NOTE 9 – MISCELLANEOUS REVENUE**

By law, certain miscellaneous State revenue is required to be deposited in the Public School Permanent Fund:

- Unclaimed estates, dividends and stock certificates from Idaho corporations (Idaho Constitution Section 4 Article IX)
- Five percent of federal land sales, net of sale expenses (Section 7 of the Idaho Admission Bill)
- Anonymous political contributions in excess of \$50 (Idaho Code Section 67-6610)
- Unqualified election expenses of political parties paid from state income tax funds (Idaho Code Section 34-2505)
- Royalties arising from extraction of minerals from navigable waterways (Idaho Code Section 58-104)

In fiscal year 2022, the Public School Permanent Fund received \$45,052 representing the net proceeds from the sale of federal land in Idaho. Also, in fiscal 2022, the Public School Permanent Fund received \$2,271 from 13 anonymous political contributions over \$50.

In fiscal year 2021, the Public School Permanent Fund received \$104,060 representing the net proceeds from the sale of federal land in Idaho. Also, in fiscal 2021, the Public School Permanent Fund received \$150 representing a donation, and \$52,496 from 2 unclaimed estate properties.

These miscellaneous revenues are included in Receipts from the Department of Lands.

The Capitol Maintenance Reserve Fund receives a portion of the additional fees charged for the special Idaho Capitol vehicle license plate (Idaho Code Section 49-420A). In fiscal 2022 and 2021, this revenue totaled \$182,895 and \$136,502, respectively and is included in Receipts from Department of Lands.

#### **NOTE 10 – PENSION AND OTHER POST-EMPLOYMENT BENEFITS**

##### *Plan Description*

The EFIB contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan is assigned to the PERSI Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

##### *Pension Benefits*

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost

of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

#### *Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate. As of June 30, 2022 and 2021, the rate was 7.16% for employees and 11.94% for employer contribution rate. The employer contribution rate is set by the Retirement Board and was of covered compensation. The EFIB's contributions were \$52,556 and \$48,782, for the fiscal years ended June 30, 2022 and 2021, respectively.

The EFIB portion of the net pension liability was calculated and determined to be immaterial to the financial statements and the EFIB has no legal obligation to fund this shortfall. The EFIB has determined to not include the net pension liability and associated deferred inflow and outflow of resources on its financial statements. The EFIB's proportionate share of the net pension liability can be found on the PERSI website.

#### **NOTE 11 – LEASES**

The EFIB implemented GASB Statement No. 87 in FY2021 – Leases for FY2022 and FY2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. These amounts are disclosed in the Governmental Balance Sheets and Statements of Net Position – Governmental Activities, which are offset and noted that these are payable in a modified accrual basis. The EFIB entered into a 10 year lease for office space effective 7/1/2014 and expires on 6/30/2024. The current net present value of that lease is \$38,333. This amount is based on a 3% discount rate over the life of the lease. For FY2022 and FY2021, the principal paid was \$38,334, and \$38,334, and the interest paid was \$10,226, and \$8,812, respectively.

<b>Year Ending</b>	<b>Principle</b>	<b>Interest</b>	
<b>6/30</b>	<b>Payments</b>	<b>Payments</b>	<b>Total</b>
2023	38,333	11,683	50,016
	38,333	11,683	50,016

**STATE OF IDAHO ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**



**NOTE 12 – LAND BANK**

The Land Bank Fund was established under Idaho Code Section 58-133 to allow the State Board of Land Commissioners to hold proceeds from the sale of state endowment land pending the purchase of other Idaho land for the benefit of the beneficiaries of that endowment. These proceeds may be held for a period not to exceed five years from the effective date of the sale. Funds in the Land Bank are invested in the State Treasurer's Idle Pool and any investment earnings are added to the original proceeds. Land Bank Fund assets are not included in the balances of the Endowment Funds since they are being held primarily for purchase of land that will be managed by IDL. The authority to acquire land using Land Bank assets rests with the State Board of Land Commissioners.

As of June 30, 2022 and 2021, the Land Bank Fund balances were \$105.5 million and \$111.4 million, respectively. During fiscal year 2022, \$47.1 million was transferred out of the fund to the Permanent Funds in the endowment by direction of the Land Board. The Land Bank balances by endowment, as of June 30, 2022 were as follows:

FY Quarter Received	Land Bank As of June 30, 2022					Total	FY Quarter Expires
	Public School	Agriculture College	Normal School	State Hospital South	University of Idaho		
2019-01	-	-	2,428,000	1,442,000	-	3,870,000	2024-01
2019-02	25,136,124	-	-	-	-	25,136,124	2024-02
2019-03	-	-	-	-	-	-	2024-03
2019-04	-	-	-	-	-	-	2024-04
2020-01	-	-	2,582,500	1,670,000	-	4,252,500	2025-01
2020-02	12,793,400	-	-	-	-	12,793,400	2025-02
2020-03	866,000	-	-	-	-	866,000	2025-03
2020-04	52,134	-	-	-	-	52,134	2025-04
2021-01	5,159,720	-	-	-	-	5,159,720	2026-01
2021-02	6,595,000	-	-	-	-	6,595,000	2026-02
2021-03	-	-	-	-	-	-	2026-03
2021-04	-	-	-	-	-	-	2026-04
2022-01	1,500,720	-	-	-	-	1,500,720	2026-01
2022-02	10,140,720	23,250,000	-	-	-	33,390,720	2027-02
2022-03	9,890,500	-	-	-	-	9,890,500	2027-03
2022-04	-	-	-	-	-	-	2027-04
Total Principal Remaining	72,134,318	23,250,000	5,010,500	3,112,000	-	103,506,818	
Interest	1,262,283	46,190	343,291	300,887	4,132	1,956,783	
Land Bank Cash Balance with Interest	\$ 73,396,601	\$ 23,296,190	\$ 5,353,791	\$ 3,412,887	\$ 4,132	\$ 105,463,601	

These balances relate to land sales made in fiscal years 2019, 2020, 2021 and 2022. If by the end of the fifth year, the proceeds from a land sale have not been spent or encumbered to purchase other land within the State, the proceeds are deposited in the Permanent Fund along with accumulated investment earnings.

#### NOTE 13 - INVESTMENTS MEASURED AT FAIR VALUE

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement. There were no Level 3 assets to report.

**STATE OF IDAHO ENDOWMENT FUND**  
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**Investments Measured at Fair Value**  
**Investments by Fair Value Level**

		Fair Value Measurements Using 6/30/2022 (value before accruals)		
	Total Investments	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
<b>Debt Securities</b>				
Asset Backed Securities	\$ 23,883,220	\$ -	\$ 23,883,220	\$ -
Bank Loans	633,345	-	633,345	-
Commercial Mortgage-Backed	18,433,622	-	18,433,622	-
Corporate Bonds	163,892,260	-	163,892,260	-
Corporate Convertible Bonds	375,208	-	375,208	-
Funds - Corporate Bond	12,912,075	-	12,912,075	-
Funds - Government Agencies	1,675,501	-	1,675,501	-
Funds - Other Fixed Income	39,538,938	-	39,538,938	-
Government Agencies	10,648,643	-	10,648,643	-
Government Bonds	172,126,365	-	172,126,365	-
Government Mortgage Backed Securities	133,243,546	-	133,243,546	-
Gov't-issued Commercial Mortgage-Backe	2,580,893	-	2,580,893	-
Municipal/Provincial Bonds	2,674,869	-	2,674,869	-
Non-Government Backed C.M.O.s	12,975,261	-	12,975,261	-
Total Debt Securities	595,593,746	-	595,593,746	-
<b>Preferred Stock Securities</b>				
Consumer Discretionary	498,222	498,222	-	-
Financials	657,771	657,771	-	-
Materials	78,573	78,573	-	-
Utilities	94,647	94,647	-	-
Total Preferred Stock Securities	1,329,213	1,329,213	-	-
<b>Equity Securities</b>				
Communication Services	111,702,453	111,702,453	-	-
Consumer Discretionary	183,322,812	183,322,812	-	-
Consumer Staples	85,138,963	85,138,963	-	-
Energy	70,386,181	70,386,181	-	-
Financials	204,692,416	204,692,416	-	-
Health Care	268,517,523	268,517,523	-	-
Industrials	211,383,592	211,383,592	-	-
Information Technology	351,508,258	351,508,258	-	-
Materials	79,949,187	79,949,187	-	-
Other	1,185,935	1,185,935	-	-
Real Estate	32,668,488	32,668,488	-	-
Utilities	27,632,951	27,632,951	-	-
Common Stock Fund	79,333,707	79,333,707	-	-
Equity ETFs	526,627	526,627	-	-
Total Equity Securities	1,707,949,093	1,707,949,093	-	-
<b>Derivatives</b>				
Swaps	2,699,149	2,699,149	-	-
Foreign Exchange Contracts	(319,813)	(319,813)	-	-
Options on Futures	(148,611)	(148,611)	-	-
Total Derivatives	2,230,725	2,230,725	-	-
Total Investments by Fair Value Level	\$ 2,307,102,777	\$ 1,711,509,031	\$ 595,593,746	\$ -
<b>Investments Measured at amortized cost</b>				
Money Market Fund	82,630,365			
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Real Estate (private)	333,760,090			
Total Investments	\$ 2,723,493,232			

STATE OF IDAHO ENDOWMENT FUND  
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	Fair Value Measurements Using 6/30/2021 (value before accruals)			
	Total Investments	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
<b>Debt Securities</b>				
Asset Backed Securities	\$ 27,654,786	\$ -	\$ 27,654,786	\$ -
Commercial Mortgage-Backed	20,988,422	-	20,988,422	-
Corporate Bonds	181,825,419	-	181,825,419	-
Corporate Convertible Bonds	446,675	-	446,675	-
Funds - Corporate Bond	11,846,050	-	11,846,050	-
Funds - Government Agencies	8,455,481	-	8,455,481	-
Funds - Other Fixed Income	32,758,605	-	32,758,605	-
Government Agencies	13,224,781	-	13,224,781	-
Government Bonds	203,453,725	-	203,453,725	-
Government Mortgage Backed Securities	129,013,314	-	129,013,314	-
Gov't-issued Commercial Mortgage-Backe	3,146,659	-	3,146,659	-
Index Linked Government Bonds	118,513,322	-	118,513,322	-
Municipal/Provincial Bonds	3,235,753	-	3,235,753	-
Non-Government Backed C.M.O.s	11,966,335	-	11,966,335	-
Total Debt Securities	766,529,327	-	766,529,327	-
<b>Preferred Stock Securities</b>				
Consumer Discretionary	1,103,112	1,103,112	-	-
Consumer Staples	702,859	702,859	-	-
Health Care	104,987	104,987	-	-
Total Preferred Stock Securities	1,910,958	1,910,958	-	-
<b>Equity Securities</b>				
Communication Services	175,410,608	175,410,608	-	-
Consumer Discretionary	259,099,514	259,099,514	-	-
Consumer Staples	101,829,684	101,829,684	-	-
Energy	57,583,928	57,583,928	-	-
Financials	245,558,791	245,558,791	-	-
Health Care	290,152,885	290,152,885	-	-
Industrials	278,943,614	278,943,614	-	-
Information Technology	439,060,942	439,060,942	-	-
Materials	95,190,819	95,190,819	-	-
Other	4,043	4,043	-	-
Real Estate	33,193,566	33,193,566	-	-
Utilities	25,104,498	25,104,498	-	-
Common Stock Fund	66,092,255	66,092,255	-	-
Equity ETFs	1,475,455	1,475,455	-	-
Total Equity Securities	2,068,700,602	2,068,700,602	-	-
<b>Derivatives</b>				
Futures Contracts	273,854	273,854	-	-
Exchange Cleared Swaps	1,122,304	1,122,304	-	-
Swaps	2,977	2,977	-	-
Foreign Exchange Contracts	401,480	401,480	-	-
Total Derivatives	1,800,615	1,800,615	-	-
Total Investments by Fair Value Level	\$ 2,838,941,502	\$ 2,072,412,175	\$ 766,529,327	\$ -
<b>Investments Measured at amortized cost</b>				
Money Market Fund	76,332,179			
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Real Estate (private)	202,396,301			
Total Investments	\$ 3,117,669,982			



Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is described below.

### NET ASSET VALUE (NAV)

Real estate investment fund - This type includes two real estate funds; UBS TPI and DB RAR II invest primarily in U.S. commercial real estate. Net Asset Value (NAV) is determined in accordance with accounting principles generally accepted in the United States, NCREIF Real Estate Information Standards, and market-based accounting rules where appropriate and applicable. Net Asset Value (NAV) is based on the fund's gross asset value less the value of any debt or other outstanding liabilities, whether held directly or indirectly through another entity or entities, anticipated distributions and similar items, as determined by the Advisor at its discretion.

Investments Measured at the NAV for 2022 and 2021:

Investments Measured at the NAV 6/30/2022				
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
<i>Real Estate Funds</i>				
UBS TPI	\$ 45,122,987	-	Quarterly	60 Days
CBRE	105,169,663		Quarterly	60 Days
DB RAR II	<u>183,467,440</u>	7,076,934	Quarterly	45 days
Total Investments measured at the NAV	<u>\$ 333,760,090</u>			

Investments Measured at the NAV for 2021:

Investments Measured at the NAV 6/30/2021				
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
<i>Real Estate Funds</i>				
UBS TPI	\$ 98,485,369	-	Quarterly	60 Days
DB RAR II	<u>103,910,932</u>	47,167,854	Quarterly	45 days
Total Investments measured at the NAV	<u>\$ 202,396,301</u>			

**NOTE 14 - COMMITMENTS**

For endowments other than the Capitol Funds, the Board of Land Commissioners has approved, and the legislature has appropriated, the following distributions to beneficiaries for FY 2023.

	<b>FY 2023</b>
Public School	\$ 61,532,200
Agricultural College	1,927,500
Charitable Institutions	7,008,000
Normal School	6,568,700
Penitentiary	3,139,600
School of Science	6,672,700
State Hospital South	7,586,400
University of Idaho	5,879,900
<b>Total</b>	<b>\$ 100,315,000</b>

The EFIB authorizes distributions from the Capitol Permanent Fund to the Capitol Maintenance Reserve Fund, effective July 1 of each fiscal year. For fiscal year 2023, the EFIB authorized a regular distribution of \$1,637,400 based on approximately 5% of the Capitol Permanent Fund balance.

**NOTE 15 - SUBSEQUENT EVENTS**

On August 16, 2022, the Board of Land Commissioners approved beneficiary distributions for fiscal year 2024. Fiscal year 2024 beneficiary distributions have not yet been appropriated by the legislature and will be considered by the legislature in its 2023 session.

<b><u>Beneficiaries</u></b>	<i>Distributions Proposed</i> <b>FY 2024</b>
Public School	\$ 61,532,200
Agricultural College	1,927,500
Charitable Institutions	7,008,000
Normal School	6,568,700
Penitentiary	3,139,600
School of Science	6,672,700
State Hospital South	7,586,400
University of Idaho	5,879,900
<b>Total</b>	<b>\$ 100,315,000</b>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Endowment Fund Investment Board  
State of Idaho Endowment Funds  
Boise, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the State of Idaho Endowment Funds administered by the Endowment Fund Investment Board (the EFIB), a component unit of the State of Idaho, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the State of Idaho Endowment Funds' basic financial statements, and have issued our report thereon dated August 17, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the State of Idaho Endowment Funds' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of State of Idaho Endowment Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of State of Idaho Endowment Funds' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the State of Idaho Endowment Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Boise, Idaho  
August 17, 2022



## Supplementary Schedules

**STATE OF IDAHO ENDOWMENT FUND  
SUPPLEMENTARY SCHEDULE OF STATEMENT OF NET POSITION BY ENDOWMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



	Public School	Agricultural College	Charitable Institutions	Normal School
<b>PERMANENT NET POSITION</b>				
Permanent Net Position, beginning of year	\$ 1,172,538,806	\$ 36,597,193	\$ 131,029,575	\$ 130,530,070
Program Revenues:				
Receipts from Dept. of Lands	34,573,278	-	16,093	6,461,533
Income from Investments	(191,933,490)	(6,288,408)	(22,378,011)	(22,037,614)
Total Program Revenue	(157,360,212)	(6,288,408)	(22,361,918)	(15,576,080)
Transfer to Earnings Reserve	-	-	-	-
Transfer from Earnings Reserve	277,103,000	10,885,000	38,014,000	34,934,000
Increase in Net Position	119,742,788	4,596,592	15,652,082	19,357,920
Permanent Net Position, end of year	1,292,281,595	41,193,785	146,681,656	149,887,990
<b>EARNINGS RESERVE NET POSITION</b>				
Earnings Reserve Net Position, beginning of year	707,828,757	24,377,043	87,070,001	80,914,506
Program Revenues:				
Receipts from Dept. of Lands	54,415,771	1,372,298	4,522,944	11,043,162
Income from Investments	(47,111,890)	(1,371,875)	(4,911,390)	(5,452,400)
Total Program Revenues	7,303,880	422	(388,446)	5,590,762
Program Expenses:				
Distribution for Expenses-Lands	19,403,518	347,567	1,804,640	1,255,923
Distribution for Expenses-EFIB	7,715,522	247,538	881,894	875,675
Distributions to Beneficiaries	54,798,000	1,660,000	6,179,000	5,487,500
Total Program Expenses	81,917,040	2,255,105	8,865,534	7,619,098
Net Program Revenue	(74,613,160)	(2,254,683)	(9,253,980)	(2,028,337)
Transfer to Permanent Fund	(277,103,000)	(10,885,000)	(38,014,000)	(34,934,000)
Transfer from Permanent Fund	-	-	-	-
Increase/(Decrease) in Net Position	(351,716,160)	(13,139,683)	(47,267,980)	(36,962,337)
Earnings Reserve Net Position, end of year	356,112,597	11,237,360	39,802,020	43,952,169
TOTAL NET POSITION	\$ 1,648,394,192	\$ 52,431,145	\$ 186,483,677	\$ 193,840,159

STATE OF IDAHO ENDOWMENT FUND  
SUPPLEMENTARY SCHEDULE OF STATEMENT OF NET POSITION BY ENDOWMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



Penitentiary	School of Science	State Hospital South	University of Idaho	Capitol	Total
\$ 56,927,628	\$ 122,699,280	\$ 107,805,710	\$ 108,477,912	\$ 42,473,319	\$ 1,909,079,493
701	46,686	6,540,715	5,970,599	188,043	53,797,649
(10,371,328)	(21,553,783)	(18,373,160)	(19,106,514)	(5,229,642)	(317,271,949)
(10,370,627)	(21,507,097)	(11,832,445)	(13,135,915)	(5,041,599)	(263,474,300)
-	-	-	-	(1,637,400)	(1,637,400)
20,980,000	39,675,000	29,764,000	35,054,000	-	486,409,000
10,609,373	18,167,903	17,931,555	21,918,085	(6,678,999)	221,297,300
67,537,001	140,867,184	125,737,265	130,395,997	35,794,320	2,130,376,793
42,957,060	86,383,914	82,868,448	76,213,528	10,149,810	1,198,763,067
2,533,952	3,546,733	1,632,314	4,655,845	182,895	83,905,914
(2,253,197)	(4,486,890)	(5,326,994)	(4,075,667)	(1,402,876)	(76,393,180)
280,755	(940,157)	(3,694,680)	580,178	(1,219,981)	7,512,734
727,610	1,468,344	1,230,619	965,448	205,160	27,408,829
406,541	842,579	774,654	750,134	213,323	12,707,860
2,689,500	5,735,500	6,425,000	5,102,000	125,000	88,201,500
3,823,651	8,046,423	8,430,273	6,817,582	543,483	128,318,189
(3,542,896)	(8,986,579)	(12,124,953)	(6,237,404)	(1,763,463)	(120,805,455)
(20,980,000)	(39,675,000)	(29,764,000)	(35,054,000)	-	(486,409,000)
-	-	-	-	1,637,400	1,637,400
(24,522,896)	(48,661,579)	(41,888,953)	(41,291,404)	(126,063)	(605,577,055)
18,434,164	37,722,335	40,979,495	34,922,124	10,023,747	593,186,012
\$ 85,971,165	\$ 178,589,519	\$ 166,716,761	\$ 165,318,121	\$ 45,818,067	\$ 2,723,562,805

STATE OF IDAHO ENDOWMENT FUND  
SUPPLEMENTARY SCHEDULE OF STATEMENT OF NET POSITION BY ENDOWMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021



	Public School	Agricultural College	Charitable Institutions	Normal School
<b>PERMANENT NET POSITION</b>				
Permanent Net Position, beginning of year	\$ 1,124,833,127	\$ 32,832,571	\$ 125,271,671	\$ 115,199,821
Program Revenues:				
Receipts from Dept. of Lands	10,264,378	3,914	47,525	12,677,693
Income from Investments	25,890,301	755,708	2,883,379	2,651,556
Total Program Revenue	36,154,680	759,622	2,930,904	15,329,249
Transfer to Earnings Reserve	-	-	-	-
Transfer from Earnings Reserve	11,551,000	3,005,000	2,827,000	1,000
Increase in Net Position	47,705,680	3,764,622	5,757,904	15,330,249
Permanent Net Position, end of year	1,172,538,806	36,597,193	131,029,575	130,530,070
<b>EARNINGS RESERVE NET POSITION</b>				
Earnings Reserve Net Position, beginning of year	340,339,241	14,624,757	46,079,826	38,414,004
Program Revenues:				
Receipts from Dept. of Lands	50,180,207	1,568,063	4,623,857	4,078,958
Income from Investments	408,086,906	13,309,641	47,451,632	45,878,177
Total Program Revenues	458,267,113	14,877,704	52,075,488	49,957,135
Program Expenses:				
Distribution for Expenses-Lands	19,266,537	331,038	1,411,975	1,346,688
Distribution for Expenses-EFIB	7,373,660	237,780	854,738	774,946
Distributions to Beneficiaries	52,586,400	1,551,600	5,991,600	5,334,000
Total Program Expenses	79,226,597	2,120,418	8,258,313	7,455,634
Net Program Revenue	379,040,516	12,757,286	43,817,175	42,501,501
Transfer to Permanent Fund	(11,551,000)	(3,005,000)	(2,827,000)	(1,000)
Transfer from Permanent Fund	-	-	-	-
Increase/(Decrease) in Net Position	367,489,516	9,752,286	40,990,175	42,500,501
Earnings Reserve Net Position, end of year	707,828,757	24,377,043	87,070,001	80,914,505
TOTAL NET POSITION	\$ 1,880,367,563	\$ 60,974,236	\$ 218,099,576	\$ 211,444,575



STATE OF IDAHO ENDOWMENT FUND  
SUPPLEMENTARY SCHEDULE OF STATEMENT OF NET POSITION BY ENDOWMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021



Penitentiary	School of Science	State Hospital South	University of Idaho	Capitol	Total
\$ 55,636,442	\$ 119,882,355	\$ 94,508,877	\$ 104,759,964	\$ 34,026,440	\$ 1,806,951,268
7,601	54,591	11,119,521	13,666	212,166	34,401,055
1,280,585	2,759,334	2,175,312	2,411,282	9,796,613	50,604,070
1,288,186	2,813,925	13,294,833	2,424,948	10,008,779	85,005,125
-	-	-	-	(1,561,900)	(1,561,900)
3,000	3,000	2,000	1,293,000	-	18,685,000
1,291,186	2,816,925	13,296,833	3,717,948	8,446,879	102,128,225
56,927,628	122,699,280	107,805,710	108,477,912	42,473,319	1,909,079,493
18,829,349	40,151,063	44,977,025	37,006,577	8,909,285	589,331,126
5,965,711	8,393,196	4,680,509	6,844,852	136,502	86,471,855
21,720,895	45,419,181	41,618,983	40,150,650	2,367,251	666,003,316
27,686,606	53,812,378	46,299,492	46,995,502	2,503,753	752,475,171
675,591	1,352,070	1,331,034	1,018,602	162,013	26,895,548
379,504	804,056	705,435	710,548	213,115	12,053,782
2,500,800	5,420,400	6,369,600	4,766,400	2,450,000	86,970,800
3,555,895	7,576,526	8,406,069	6,495,550	2,825,128	125,920,130
24,130,712	46,235,851	37,893,423	40,499,952	(321,375)	626,555,041
(3,000)	(3,000)	(2,000)	(1,293,000)	-	(18,685,000)
-	-	-	-	1,561,900	1,561,900
24,127,712	46,232,851	37,891,423	39,206,952	1,240,525	609,431,941
42,957,060	86,383,914	82,868,448	76,213,528	10,149,810	1,198,763,067
\$ 99,884,688	\$ 209,083,195	\$ 190,674,158	\$ 184,691,440	\$ 52,623,129	\$ 3,107,842,560

**STATE OF IDAHO ENDOWMENT FUNDS  
SCHEDULE OF THE GAIN BENCHMARK  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



<i><b>Endowment</b></i>	<i><b>Fiscal Year</b></i>	<i><b>Beginning Benchmark</b></i>	<i><b>Deposits</b></i>	<i><b>Reinvested Income</b></i>	<i><b>Inflation Impact</b></i>	<i><b>Ending Benchmark</b></i>
<b>Public School</b>	2001-2021	555,954,750	76,943,194	207,877,000	331,763,862	1,172,538,806
	2022	1,172,538,806	34,573,278	-	84,100,799	1,291,212,883
<b>Agricultural College</b>	2001-2021	14,787,041	62,101	12,643,000	9,105,051	36,597,193
	2022	36,597,193	-	-	2,624,948	39,222,141
<b>Charitable Institutions</b>	2001-2021	54,513,960	397,383	42,134,000	33,984,232	131,029,575
	2022	131,029,575	16,093	-	9,398,147	140,443,815
<b>Normal School</b>	2001-2021	47,258,942	24,810,495	28,656,000	29,804,633	130,530,070
	2022	130,530,070	6,461,533	-	9,362,320	146,353,923
<b>Penitentiary</b>	2001-2021	18,258,289	34,588	26,203,000	12,431,751	56,927,628
	2022	56,927,628	701	-	4,083,156	61,011,485
<b>School of Science</b>	2001-2021	54,836,451	418,547	34,732,000	32,712,282	122,699,280
	2022	122,699,280	46,686	-	8,800,653	131,546,619
<b>State Hospital South</b>	2001-2021	23,442,162	27,532,234	37,197,000	19,634,314	107,805,710
	2022	107,805,710	6,540,715	-	7,732,406	122,078,831
<b>University</b>	2001-2021	42,442,536	297,021	39,170,000	26,568,355	108,477,912
	2022	108,477,912	5,970,599	-	7,780,620	122,229,131

STATE OF IDAHO ENDOWMENT FUNDS  
SCHEDULE OF THE GAIN BENCHMARK  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021



<i>Endowment</i>	<i>Fiscal Year</i>	<i>Beginning Benchmark</i>	<i>Deposits</i>	<i>Reinvested Income</i>	<i>Inflation Impact</i>	<i>Ending Benchmark</i>
<b>Public School</b>	2001-2020	555,954,750	66,678,816	196,326,000	305,873,561	1,124,833,127
	2021	1,124,833,127	10,264,378	11,551,000	25,890,301	1,172,538,806
<b>Agricultural College</b>	2001-2020	14,787,041	58,187	9,638,000	8,349,343	32,832,571
	2021	32,832,571	3,914	3,005,000	755,708	36,597,193
<b>Charitable Institutions</b>	2001-2020	54,513,960	349,859	39,307,000	31,100,852	125,271,671
	2021	125,271,671	47,524	2,827,000	2,883,380	131,029,575
<b>Normal School</b>	2001-2020	47,258,942	12,132,802	28,655,000	27,153,077	115,199,821
	2021	115,199,821	12,677,693	1,000	2,651,556	130,530,070
<b>Penitentiary</b>	2001-2020	18,258,289	26,987	26,200,000	11,151,166	55,636,442
	2021	55,636,442	7,601	3,000	1,280,585	56,927,628
<b>School of Science</b>	2001-2020	54,836,451	363,956	34,729,000	29,952,948	119,882,355
	2021	119,882,355	54,591	3,000	2,759,334	122,699,280
<b>State Hospital South</b>	2001-2020	23,442,162	16,412,713	37,195,000	17,459,002	94,508,877
	2021	94,508,877	11,119,521	2,000	2,175,312	107,805,710
<b>University</b>	2001-2020	42,442,536	283,355	37,877,000	24,157,093	104,759,984
	2021	104,759,984	13,666	1,293,000	2,411,262	108,477,912