



State of Idaho Endowment Fund

*REPORT OF
INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022*

Administered by the Endowment Fund Investment Board



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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 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, 2023 and 2022, 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 governmental activities and the general fund of the State of Idaho Endowment Funds as of June 30, 2023 and 2022, 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.

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 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 accompanying 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 audits 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 15, 2023, 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boise, Idaho
August 15, 2023

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, 2023, 2022 and 2021.

BACKGROUND

When Idaho became the 43rd 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.

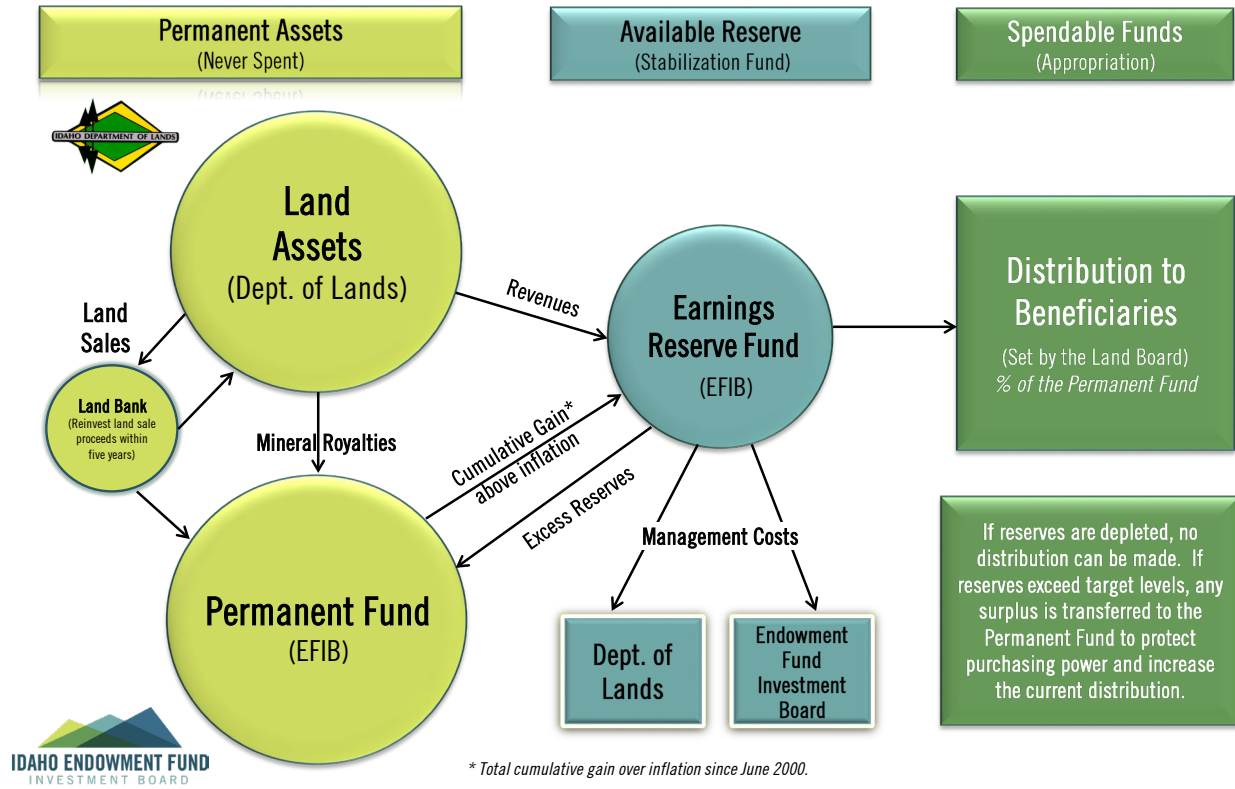
The Endowment Fund supports the following beneficiaries: Public Schools, University of Idaho Agricultural College, Charitable Institutions (Idaho State University, Juvenile Corrections Center, State Hospital North, Veterans’ Home, School for the Deaf and Blind), Normal School (Idaho State University, 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

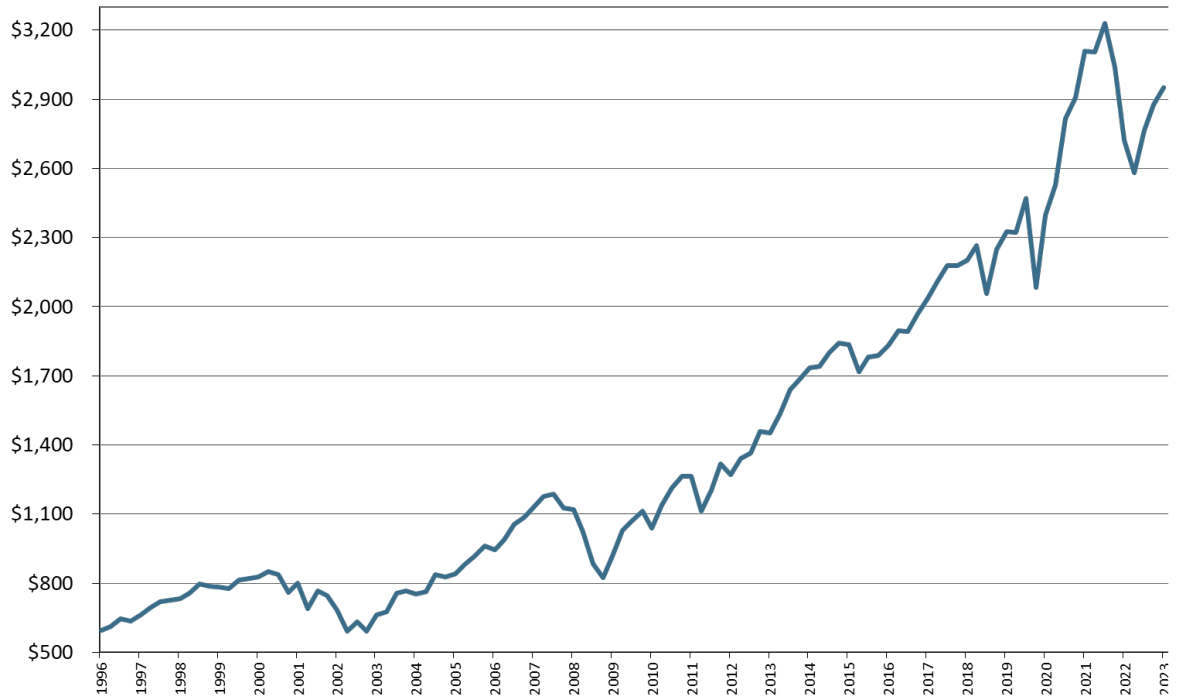


FINANCIAL HIGHLIGHTS:

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 \$223.0 million, -\$384.3 million and \$711.6 million during the fiscal years ended June 30, 2023, 2022 and 2021, respectively. Net position and fund balance totaled \$2,946.6 million, \$2,723.6 million and \$3,107.9 million as of June 30, 2023, 2022 and 2021, respectively.

Total Land Grant Endowment Fund Assets
June 1996 - June 2023
(in millions)



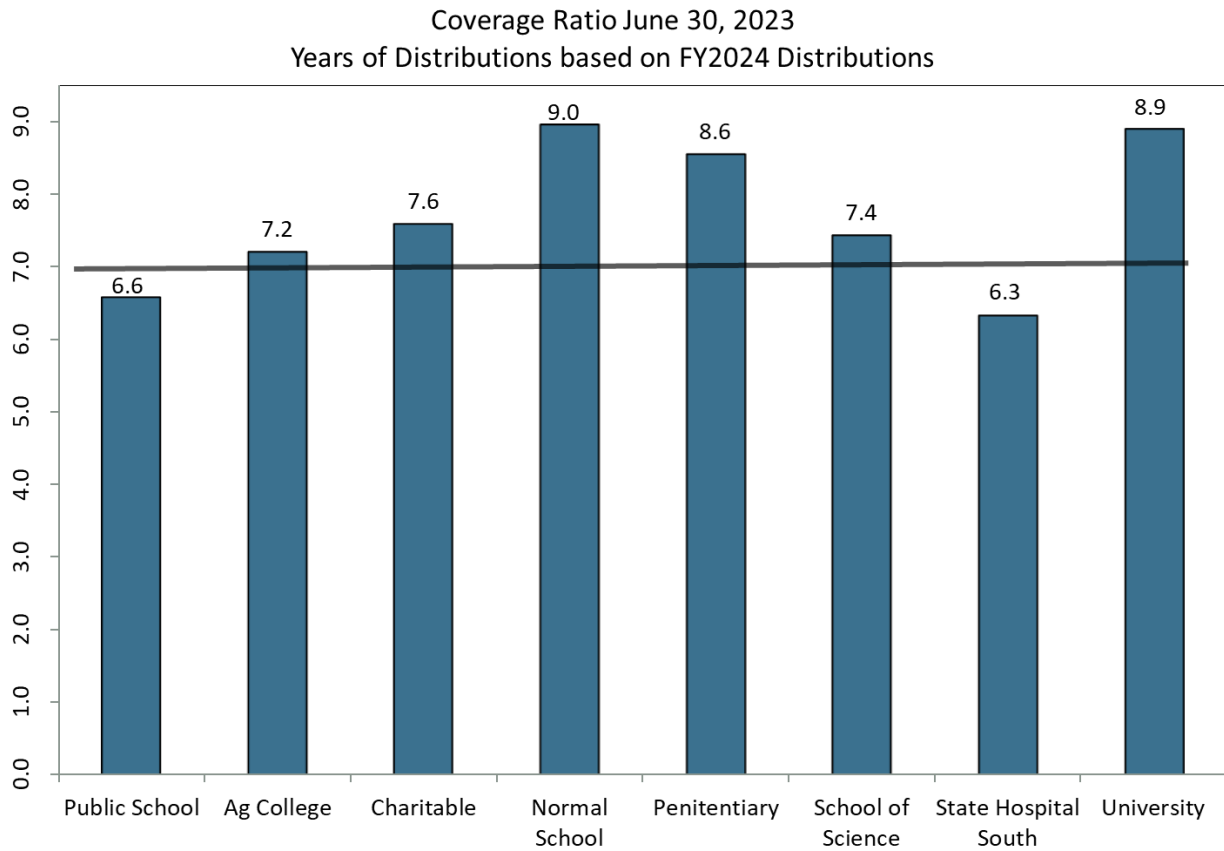
EARNINGS RESERVES

The Idaho State Board of Land Commissioners has established target earnings reserve levels for 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 \$719.9 million, \$593.2 million and \$1,198.8 million as of June 30, 2023, 2022 and 2021, respectively. As of June 30, 2023, the earnings reserve balances for Public School and State Hospital South were below target earnings reserve levels.

Earnings Reserves cont.:

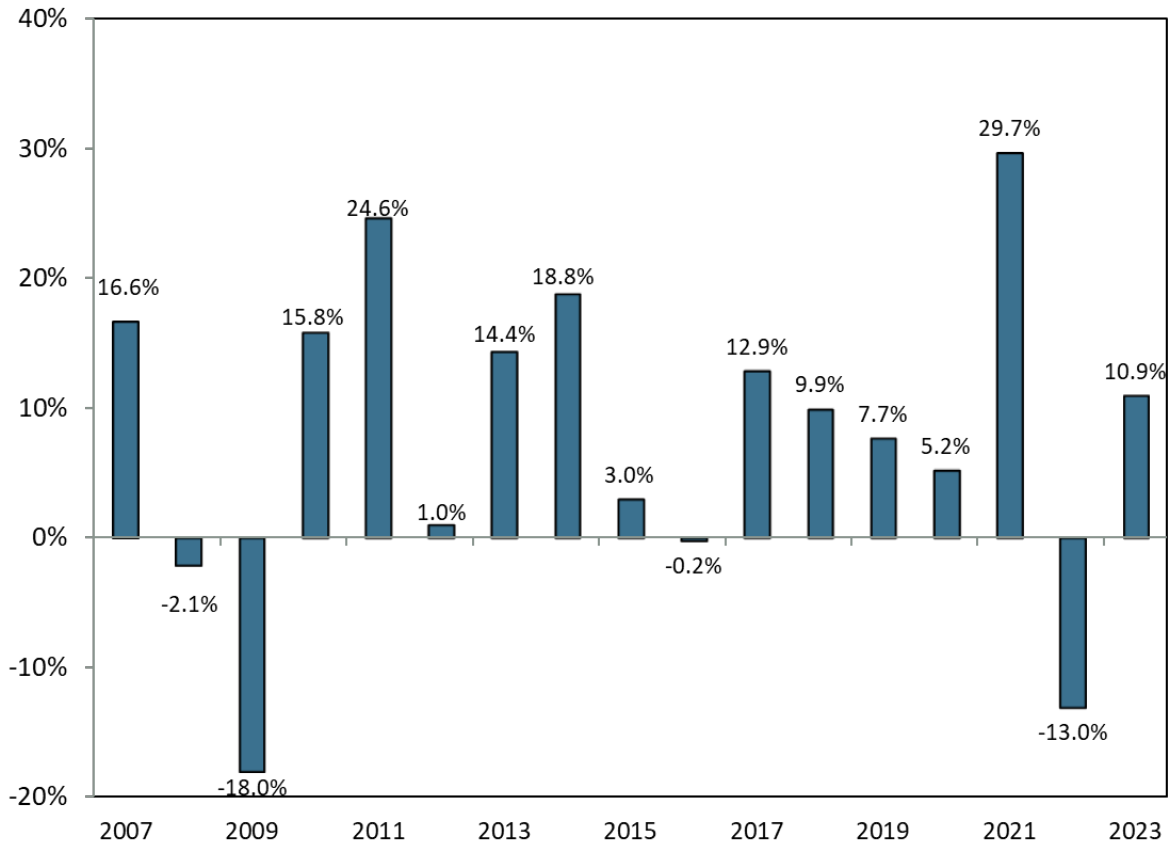
The table below highlights the earnings reserve levels expressed in years of distributions for each beneficiary.



INVESTMENT RESULTS

The Endowment Fund portfolio generated investment returns before fees of 10.9%, -13.0% and 29.7% in fiscal years end June 30, 2023, 2022 and 2021, respectively. The average annual investment returns were 10.9%, 7.8%, 7.2%, and 8.0% during the last one, three, five and ten-year periods. These investment returns ranked in the top 22nd, 55th, 31st and 30th 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, 2023					
	FY 2023	3 Years	5 Years	7 Years	10 Years
Total Fund	10.9%	7.8%	7.2%	8.4%	8.0%
<i>Benchmark (38% Russell 3000, 19% ACWI ex-US, 9% ACWI, 10% ODCE, 24% BBC Aggregate)</i>	10.6%	7.3%	6.8%	7.9%	7.6%
Total Equity	18.2%	12.2%	9.7%	11.5%	10.4%
Domestic Equity	18.7%	13.7%	10.7%	12.9%	12.1%
Large Cap.	19.1%	13.1%	10.6%	12.8%	12.2%
Mid Cap.	17.4%	15.7%	12.0%	13.4%	12.0%
Small Cap.	18.8%	13.2%	8.6%	12.6%	11.2%
International Equity	15.7%	9.4%	7.2%	9.0%	7.0%
Global Equity	20.8%	12.1%	10.4%	10.7%	8.7%
<i>MSCI ACWI Index</i>	16.5%	11.0%	8.1%	9.9%	8.8%
Total Real Estate	-5.4%	6.0%	6.1%		
<i>NCREIF ODCE Index</i>	-3.1%	8.4%	7.5%		
Total Fixed Income	-0.5%	-2.9%	1.1%	0.7%	1.6%
<i>Fixed-Income Benchmark (BBC U.S. Aggregate)</i>	-0.9%	-4.0%	0.8%	0.4%	1.5%

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, 2023, the EFIB engaged twenty investment managers including Barrow Hanley, Boston Partners, CBRE Investment Management, Clearwater Advisors, DoubleLine Capital, DWS, Eagle Asset Management, LSV Asset Management, Northern Trust Investments, PineStone Asset Management, 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 \$11.4 million, \$12.7 million and \$12.1 million in fiscal years 2023, 2022 and 2021, respectively. Investment management expenses as a percentage of year-end Endowment Fund net positions equates to 0.39%, 0.47% and 0.39% in fiscal years 2023, 2022 and 2021, respectively. The table below provides a breakdown of investment management expenses.

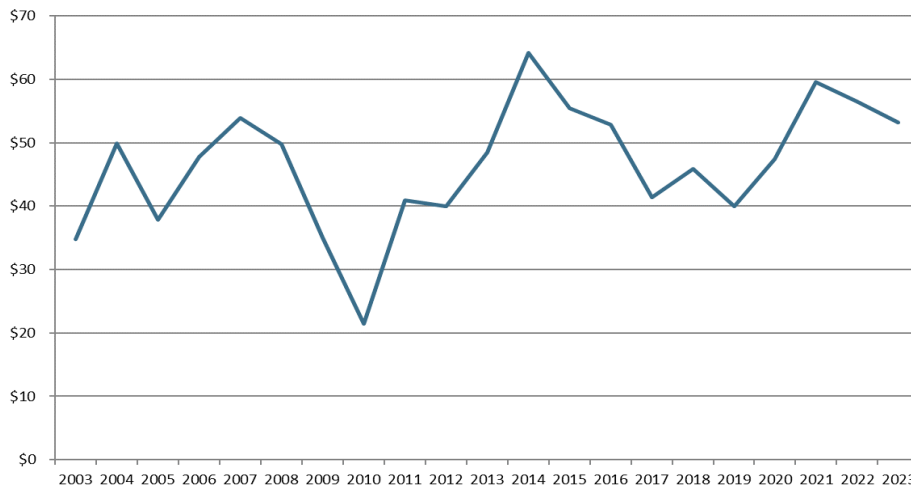
Cost of Investment Management

Investment Management Operating Costs	2023	2022	2021
Internal Investment Costs	\$ 605,128	\$ 564,256	\$ 523,664
Outside investment manager and legal fees	9,538,882	11,303,231	9,804,955
Custody Expense	977,025	934,350	932,146
Consultant and auditor fees	269,620	271,944	257,529
Total expenditures	11,390,656	13,073,781	11,518,294
Change in Manager Fee Accrual	32,183	(365,920)	535,488
Total Accrual Basis Expense	<u>\$ 11,422,839</u>	<u>\$ 12,707,861</u>	<u>\$12,053,782</u>

NET LAND REVENUE

Net land revenue (land revenue less Department of Lands expenses) totaled \$53.2 million, \$56.5 million and \$59.6 million in fiscal years 2023, 2022 and 2021, 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. The Idaho Department of Lands has increased the annual volume of timber harvested over the last few years, but net revenue has declined recently due to lower timber prices.

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



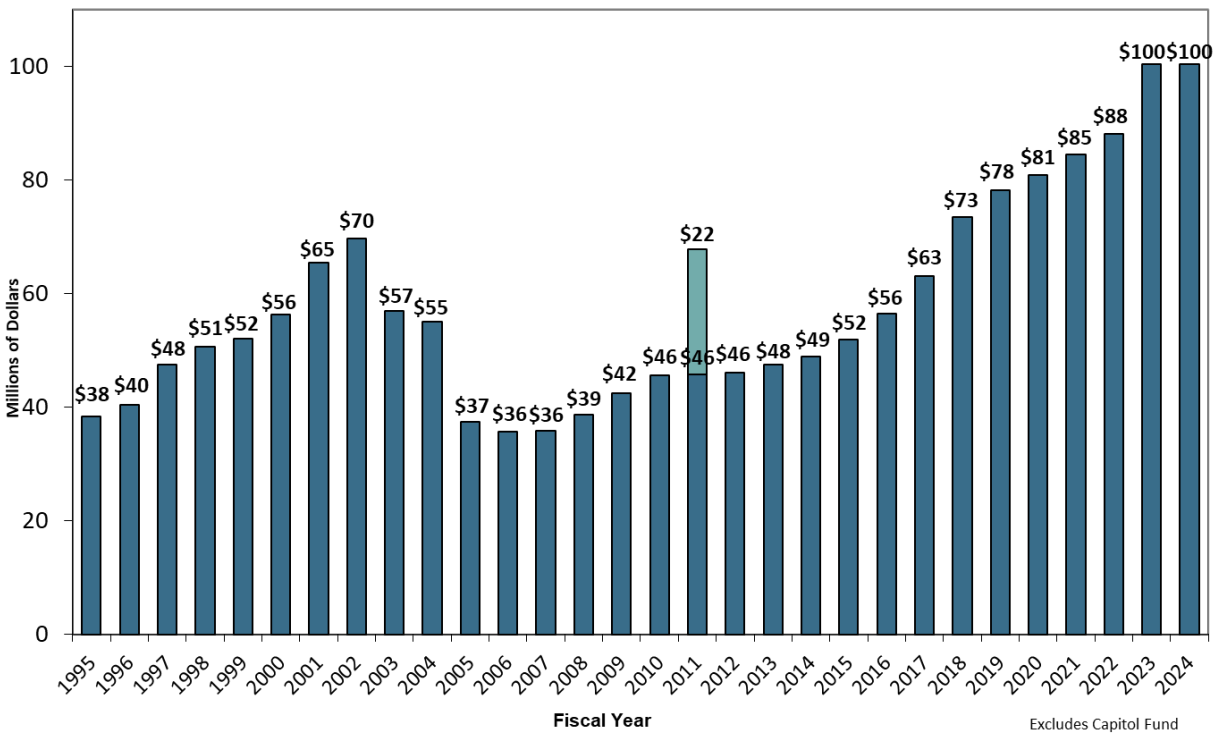
BENEFICIARY DISTRIBUTIONS

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 \$100.3 million, \$88.1 million and \$84.5 million in fiscal years 2023, 2022 and 2021, respectively. The Board of Land Commissioners approved distributions of \$100.3 million and \$103.2 million in fiscal years 2024 and 2025, respectively. The table below provides a summary of land-grant beneficiary distributions.

Beneficiary Distributions 1995-2024

(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 \$1.83 million, \$1.63 million and \$1.56 million in fiscal years 2023, 2022 and 2021, 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 \$1,021,819, \$125,000, and \$2,450,000 in fiscal years 2023, 2022 and 2021, 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 \$538.9 million, \$596.5 million, and \$608.1 million in bonds guaranteed by the Credit Enhancement Program as of June 30, 2023, 2022 and 2021, respectively.

RISKS

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, 2023 AND 2022



Assets:	2023	2022
Investments, at Fair Value	\$ 2,946,748,491	\$ 2,723,493,232
Receivable for Unsettled Trades	37,138,694	59,034,380
Receivable From Idaho Department of Lands	1,433,240	1,001,580
Accrued Interest and Dividends Receivable	7,292,932	6,383,324
Prepaid Expenses to the Department of Lands	6,283,786	5,579,480
Total Assets	\$ 2,998,897,143	\$ 2,795,491,996
Liabilities:		
Payable for Unsettled Trades	\$ 49,788,543	\$ 69,454,870
Investment Manager Expenses Payable	2,506,505	2,474,321
Total Liabilities	52,295,048	71,929,191
Fund Balances:		
Nonexpendable - Permanent Funds	2,226,677,101	2,130,376,793
Expendable - Earnings Reserve Funds	719,924,996	593,186,012
Total Fund Balances	2,946,602,097	2,723,562,805
Total Liabilities and Fund Balances	\$ 2,998,897,145	\$ 2,795,491,996

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 2023 and 2022 were \$0 and \$38,333, respectively. This liability is offset by a corresponding asset, Lease - Right to Use, and therefore not included in the Statement of Net Position.

Statement of Net Position:		
Restricted for Permanent Trust - Nonexpendable	\$ 2,226,677,101	\$ 2,130,376,793
Restricted for Permanent Trust - Expendable	719,924,996	593,186,012
Total Net Position - Governmental Activities	\$ 2,946,602,097	\$ 2,723,562,805

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, 2023 AND 2022



Revenues:	2023	2022
Receipts from the Department of Lands		
Permanent Receipts	\$ 6,399,138	\$ 53,797,648
Earnings Reserve Receipts	81,279,200	83,905,915
Net Income (Loss) from Investments	276,203,901	(393,665,129)
Total Revenues	363,882,239	(255,961,566)
 Expenditures:		
Department of Lands	28,083,290	27,408,829
EFIB	11,422,839	12,707,860
Total Expenditures	39,506,129	40,116,689
 Revenues Over (Under) Expenditures	 324,376,110	 (296,078,255)
 Other Financing Uses		
Distributions to Beneficiaries	101,336,819	88,201,500
Net Increase (Decrease) in Fund Balance	223,039,291	(384,279,755)
 Fund Balance - Beginning of Year	 2,723,562,805	 3,107,842,560
Fund Balance - End of Year	\$ 2,946,602,097	\$ 2,723,562,805

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.

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 2023 and 2022, 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, 2023. The notional value of these instruments is not recorded in the financial statements.

Derivatives	Expiration Date	Contracts	Notional Value	Unrealized Gain/(Loss)
Swaps	Various	11	\$46,164,530	\$762,700
Equity Contracts	Various	1	\$7	\$0
Foreign Exchange Contracts	Various	38	(\$109)	(\$583,194)
Interest Rate Contracts	Various	14	\$703	\$0

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.

Derivatives	Expiration Date	Contracts	Notional Value	Unrealized Gain/(Loss)
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

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 its “Gain Benchmark” as defined in statute at the end of the fiscal year.

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 twelve month average of the Consumer Price Index – All Urban (CPI), and certain reinvested income transfers from Earnings Reserve that are designated by the Land Board as a permanent increases 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 FY2023 were at the gain benchmark and at the end of FY2022 were greater than 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.

NOTE 3 - INVESTMENTS

Investments at June 30, 2023 and 2022:

Fund Investments	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Barrow, Hanley	\$ 53,846,187	\$ 65,250,185	\$ 45,122,059	\$ 52,001,283
Boston Partners	114,550,891	141,406,860	111,621,806	131,423,125
CBRE	101,551,610	91,728,401	103,795,028	105,169,663
Clearwater Advisors	2,150,181	2,150,181	860,473	860,473
DoubleLine Capital - Core Plus	197,962,808	178,188,875	195,685,816	176,691,383
Eagle Asset Management	50,447,865	60,448,832	52,911,034	53,864,850
Fiera Capital Global	-	-	84,496,947	117,213,894
LSV Asset Management	117,611,075	141,525,561	115,961,234	137,771,630
Northern Trust Money Market Fund*	10,776,158	10,776,159	12,995,900	12,995,900
NTG I S&P 500 Index	168,950,924	347,514,425	161,643,589	290,608,746
Pinestone Global Equity	89,093,845	139,354,287	-	-
RREEF America REIT II IN	142,575,544	163,792,620	141,377,096	190,544,384
Sands Capital Management	139,645,393	153,403,996	159,157,932	126,994,027
Schroders QEP International Value	221,519,311	229,686,780	233,811,050	211,475,134
State Street Global Advisors	350,726,496	314,942,090	289,584,675	263,010,594
Sycamore Capital Mid Cap	101,166,952	114,449,849	105,515,961	112,619,316
TimesSquare Capital Management	97,194,645	120,649,612	97,381,812	100,274,832
UBS Trumbull Property	12,082,097	13,304,529	37,839,381	45,122,987
Vanguard Dev Market Index Fund	89,428,737	96,861,605	81,291,420	77,445,670
WCM Focused Growth	176,931,274	234,925,635	188,062,984	214,312,112
Wellington Global	125,691,225	141,202,444	134,230,597	118,154,830
Western Asset Management - US Core	183,198,324	172,535,716	185,303,775	174,517,909
Total Fund Investments	2,547,101,542	2,934,098,642	2,538,650,569	2,713,072,742
Pending Trades:				
Receivable for Investments Sold	(37,138,694)	(37,138,694)	(59,034,380)	(59,034,380)
Payable for Investments Purchased	49,788,543	49,788,543	69,454,870	69,454,870
Total Net Investments	\$ 2,559,751,391	\$ 2,946,748,491	\$ 2,549,071,059	\$ 2,723,493,232

*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, 2023, 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.

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, 2023 and 2022, 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, 2023 and 2022, the Endowment Funds held \$71.8 million and \$82.6 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, 2023 and 2022, include \$10.8 million and \$61.0 million of general cash and \$13.0 million and \$69.6 million of cash held in accounts allocated to the Funds' bond and equity managers, respectively.

As of June 30, 2023 and 2022, the Endowment Fund's fixed income investments had the following characteristics:

Credit Ratings Summary by Market Value-Moody's
 As of June 30, 2023

Investment Type	Modified Duration	Aaa	Agy	Aa	A	Baa	Ba	B	>B	NR/Not Available	Total
Asset Backed Securities	2.8	\$ 1,301,214	\$ -	\$ 1,754,622	\$ 3,240,394	\$ 7,589,991	\$ 1,449,339	\$ -	\$ 3,406,641	\$ 2,227,935	\$ 20,970,136
Bank Loans	0.2	-	-	-	-	-	351,778	400,560	-	-	752,338
Commercial Mortgage-Backed	3.5	7,283,903	-	2,144,500	2,758,176	1,696,910	485,640	209,159	201,850	1,119,180	15,899,318
Corporate Bonds	5.8	3,031,848	-	7,099,527	65,805,053	83,599,032	11,746,856	4,313,149	987,214	809,542	177,392,221
Corporate Convertible Bonds	-0.5	-	-	-	45,938	331,364	306,431	-	-	-	683,733
Funds - Corporate Bond	0.0	-	-	12,324,505	-	-	-	-	-	-	12,324,505
Funds - Government Agencies	0.0	-	2,548,961	-	-	-	-	-	-	-	2,548,961
Funds - Other Fixed Income	0.0	-	-	-	-	-	17,482,864	13,174,508	-	-	30,657,372
Government Agencies	3.7	8,415,770	203,907	838,736	531,044	263,285	144,308	162,567	-	127,234	10,686,851
Government Bonds	8.3	178,663,778	5,297,423	78,549	521,326	11,185,424	1,153,336	156,279	69,526	-	197,125,641
Government Mortgage Backed Secur	7.9	-	165,133,428	-	-	-	-	-	-	-	165,133,428
Gov't-issued Commercial Mortgage-B	6.1	305,987	4,019,427	-	-	-	-	-	-	-	4,325,414
Index Linked Government Bonds	5.8	1,960,941	-	-	-	-	-	-	-	-	1,960,941
Municipal/Provincial Bonds	8.4	377,216	-	1,349,669	491,615	-	-	-	47,689	138,338	2,404,527
Non-Government Backed C.M.O.s	3.4	4,312,576	-	774,188	231,150	748,165	637,319	-	5,094,353	3,184,340	14,982,091
Total		\$ 205,653,233	\$ 177,203,146	\$ 26,364,296	\$ 73,624,696	\$ 105,414,171	\$ 33,757,871	\$ 18,416,222	\$ 9,807,273	\$ 7,606,569	\$ 657,847,477

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
Gov't-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

*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.

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	2023	2022
		Fair Value	Fair Value
Argentina	ARS	\$ 605	\$ 60,396
Australia	AUD	14,198,263	14,876,907
Brazil	BRL	5,261,807	2,454,849
Canada	CAD	22,497,983	23,582,838
Chile	CLP	-	69,318
Chinese Yuan	CNY	(951,596)	(1,068,000)
Chinese Yuan (HK)	CNH	-	547,474
Czech Republic	CZK	103,482	-
Denmark	DKK	22,721,952	12,522,555
European Monetary Union	EUR	119,523,788	85,159,786
Great Britain	GBP	81,534,313	53,461,852
Hong Kong	HKD	25,062,662	38,329,820
Hungary	HUF	756,310	677,852
India	INR	215,767	223,880
Indonesia	IDR	3,514,800	2,811,633
Israel	ILS	893	257,221
Japan	JPY	64,231,796	51,008,648
Malaysia	MYR	557,390	357,890
Mexico	MXN	7,782,086	5,899,658
New Zealand	NZD	-	52,919
Norway	NOK	3,356,401	5,293,768
Poland	PLN	337,902	790,262
Russia	RUB	15,710	20,759
Singapore	SGD	5,663,746	1,987,260
South Africa	ZAR	1,763,114	2,229,621
South Korea	KRW	10,214,784	12,888,518
Sweden	SEK	17,303,661	16,641,778
Switzerland	CHF	38,768,809	52,110,996
Taiwan	TWD	11,133,813	14,163,346
Thailand	THB	1,575,465	1,990,359
Turkey	TRY	135	149,369
Total		\$ 457,145,841	\$ 399,553,532

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 2023 and their allocation are shown below:

Permanent Fund Income
For the Fiscal Year Ended June 30, 2023

Endowment	Net Increase in Fair Value	Income Retained to Offset Inflation or Losses *	Cap Perm Fund Interest and Dividends	Total Investment Income
Public School	\$ -	\$ 79,783,966	\$ -	\$ 79,783,966
Agricultural College	-	484,353	-	484,353
Charitable	-	2,556,416	-	2,556,416
Normal School	-	5,630,267	-	5,630,267
Penitentiary	-	(2,705,122)	-	(2,705,122)
School of Science	-	(1,083,429)	-	(1,083,429)
State Hospital South	-	3,985,852	-	3,985,852
University of Idaho	-	(513,169)	-	(513,169)
Capitol Permanent **	2,993,266	-	595,070	3,588,336
Total	\$ 2,993,266	\$ 88,139,134	\$ 595,070	\$ 91,727,470

* 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, 2023

Endowment	Net Increase in Fair Value	Interest, Dividends and Other Income	Allocation of Permanent Fund Gain *	Total Investment Gain
Public School	\$ 29,244,338	\$ 28,402,006	\$ 29,753,227	\$ 87,399,571
Agricultural College	849,107	876,742	3,002,893	4,728,742
Charitable	3,378,518	3,181,039	9,834,433	16,393,990
Normal School	4,037,824	3,359,088	7,067,703	14,464,615
Penitentiary	1,438,273	1,457,730	8,409,577	11,305,580
School of Science	2,854,026	2,994,466	12,982,638	18,831,130
State Hospital South	3,223,757	2,809,876	6,663,411	12,697,044
University of Idaho	3,177,843	2,843,070	11,528,222	17,549,136
Capitol Maintenance **	916,816	189,807	-	1,106,623
Total	\$ 49,120,502	\$ 46,113,824	\$ 89,242,105	\$ 184,476,431

* 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 income from investments for Fiscal Year 2022 and their allocation are shown below:

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

Endowment	Net Decrease in Fair Value	Interest, Dividends and Other Income	Cap Perm Fund Interest and Dividends	Total Investment Income
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)
Total	\$ (364,801,336)	\$ 46,676,151	\$ 853,236	\$ (317,271,949)

* 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

Endowment	Net Decrease in Fair Value	Interest, Dividends and Other Income	Allocation of Permanent Fund Gain *	Total Investment Loss
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)
Total	\$ (92,306,296)	\$ 15,913,115	\$ -	\$ (76,393,180)

* 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.

NOTE 5 – CLIENT EXPENDITURES

Four clients, representing twelve additional perpetual funds in Fiscal Year 2023 and 2022, are included in the same comingled investment pool as the Endowment Fund and their assets totaled \$176 million and \$162 million as of June 30, 2023 and 2022, respectively. These balances are not included in the EFIB financial statements.

In fiscal year 2023, 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 \$681,222 and \$790,157 for the fiscal years ended June 30, 2023 and 2022, respectively.

NOTE 6 – BENEFICIARY DISTRIBUTIONS

Distributions to beneficiaries for the Fiscal Years ended June 30, 2023 and 2022 are shown below.

Total Fund Distributions		
Beneficiary	2023	2022
Public School	\$ 61,532,200	54,798,000
Agricultural College	1,927,500	1,660,000
Charitable Institutions	7,008,000	6,179,000
Normal School	6,568,700	5,487,500
Penitentiary	3,139,600	2,689,500
School of Science	6,672,700	5,735,500
State Hospital South	7,586,400	6,425,000
University of Idaho	5,879,900	5,102,000
Subtotal	100,315,000	88,076,500
Capitol Maintenance	1,021,819	125,000
Total Distributions	<u>\$ 101,336,819</u>	<u>\$ 88,201,500</u>

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, 2023 and 2022, were as follows:

Charitable Institutions			
Beneficiaries	Factor	2023 Distribution	2022 Distribution
Idaho State University Fund	8/30	\$ 1,868,800	\$ 1,647,733
State Juvenile Corrections Institutions	8/30	1,868,800	1,647,733
School for the Deaf and Blind Fund	1/30	233,600	205,967
Veterans Home Fund	5/30	1,168,000	1,029,833
State Hospital North Fund	8/30	1,868,800	1,647,734
Total		<u>\$ 7,008,000</u>	<u>\$ 6,179,000</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, 2023 and 2022:

Normal School			
Beneficiaries	%	2023 Distribution	2022 Distribution
Idaho State University, Pocatello	50%	\$ 3,284,350	\$ 2,743,750
Lewis-Clark State College, Lewiston	50%	3,284,350	2,743,750
Total		<u>\$ 6,568,700</u>	<u>\$ 5,487,500</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, 2023, \$538.9 million of bonds guaranteed by the Credit Enhancement Program remained outstanding. Expected principal and interest payments in the coming year total \$65.7 million. As of June 30, 2022, \$596.5 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 2023 totaled \$500 and guaranty fees, included in Income from Investments, totaled \$1,327. Application fees for fiscal year 2022 totaled \$1,000 and guaranty fees, included in Income from Investments, totaled \$15,335.

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 2023, the Public School Permanent Fund received \$1,268 from 6 anonymous political contributions over \$50 and 1 donation of \$360.

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.

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 2023 and 2022, this revenue totaled \$203,475 and \$182,895, 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.

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, 2023 and 2022, 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 \$56,990 and \$52,556, for the fiscal years ended June 30, 2023 and 2022, 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, Leases in FY2022. 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 \$0. This amount is based on a 3% discount rate over the life of the lease. For FY2023 and FY2022, the principal paid was \$38,333, and \$38,334, and the interest paid was \$11,683, and \$10,226, respectively.

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, 2023 and 2022, the Land Bank Fund balances were \$74.5 million and \$105.5 million, respectively. During fiscal year 2023, \$2.8 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, 2023 were as follows:

FY Quarter Received	Land Bank As of June 30, 2023				Total	FY Quarter Expires
	Public School	Agriculture College	Normal School	State Hospital South		
2021-01	1,639,575	-	-	-	1,639,575	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	2027-01
2022-02	10,140,720	17,237,620	-	-	27,378,340	2027-02
2022-03	9,890,500	-	-	-	9,890,500	2027-03
2022-04	-	-	-	-	-	2027-04
2023-01	6,125,000	-	-	-	6,125,000	2028-01
2023-02	9,848,000	-	-	432,187	10,280,187	2028-02
2023-03	9,800,000	-	-	-	9,800,000	2028-03
Total Principal Remaining	55,539,515	17,237,620	-	432,187	73,209,322	
Interest	872,477	417,043	11,257	13,532	1,314,309	
Land Bank Cash Balance with Interest	\$ 56,411,992	\$ 17,654,663	\$ 11,257	\$ 445,719	\$ 74,523,631	

These balances relate to land sales made in fiscal years 2021, 2022 and 2023. 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.

	Total Investments	Fair Value Measurements Using 6/30/2023 (value before accruals)		
		Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
Asset Backed Securities	\$ 20,970,136	\$ -	\$ 20,970,136	\$ -
Bank Loans	752,338	-	752,338	-
Commercial Mortgage-Backed	15,899,318	-	15,899,318	-
Corporate Bonds	177,392,221	-	177,392,221	-
Corporate Convertible Bonds	683,733	-	683,733	-
Funds - Corporate Bond	12,324,505	-	12,324,505	-
Funds - Government Agencies	2,548,961	-	2,548,961	-
Funds - Other Fixed Income	30,657,372	-	30,657,372	-
Government Agencies	10,686,851	-	10,686,851	-
Government Bonds	197,125,641	-	197,125,641	-
Government Mortgage Backed Securities	165,133,428	-	165,133,428	-
Gov't-issued Commercial Mortgage-Backe	4,325,414	-	4,325,414	-
Index Linked Government Bonds	1,960,941	-	1,960,941	-
Municipal/Provincial Bonds	2,404,527	-	2,404,527	-
Non-Government Backed C.M.O.s	14,982,091	-	14,982,091	-
Total Debt Securities	657,847,477	-	657,847,477	-
Preferred Stock Securities				
Consumer Discretionary	211,443	211,443	-	-
Financials	1,017,106	1,017,106	-	-
Materials	508,701	508,701	-	-
Total Preferred Stock Securities	1,737,250	1,737,250	-	-
Equity Securities				
Common Stock Funds	96,861,605	96,861,605	-	-
Communication Services	107,413,901	107,413,901	-	-
Consumer Discretionary	229,073,331	229,073,331	-	-
Consumer Staples	100,054,438	100,054,438	-	-
Energy	71,285,585	71,285,585	-	-
Financials	283,653,373	283,653,373	-	-
Health Care	253,168,279	253,168,279	-	-
Industrials	277,734,967	277,734,967	-	-
Information Technology	376,211,858	376,211,858	-	-
Materials	85,124,755	85,124,755	-	-
MISCELLANEOUS	74,831	74,831	-	-
Real Estate	34,803,444	34,803,444	-	-
Utilities	30,283,499	30,283,499	-	-
Equity ETFs	619,075	619,075	-	-
Total Equity Securities	1,946,362,941	1,946,362,941	-	-
Derivatives				
Swaps	762,700	762,700	-	-
Foreign Exchange Contracts	(590,443)	(590,443)	-	-
Options on Futures	7,249	7,249	-	-
Total Derivatives	179,506	179,506	-	-
Total Investments by Fair Value Level	\$ 2,606,127,174	\$ 1,948,279,697	\$ 657,847,477	\$ -
Investments Measured at amortized cost				
Money Market Fund	71,795,766			
Investments Measured at the Net Asset Value (NAV)				
Real Estate (private)	268,825,550			
Total Investments	<u>\$ 2,946,748,491</u>			

	Total Investments	Fair Value Measurements Using 6/30/2022 (value before accruals)		
		Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
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	-
Preferred Stock Securities				
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	-	-
Equity Securities				
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	-	-
Derivatives				
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	\$ -
Investments Measured at amortized cost				
Money Market Fund	82,630,365			
Investments Measured at the Net Asset Value (NAV)				
Real Estate (private)	333,760,090			
Total Investments	\$ 2,723,493,232			

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 three real estate funds; UBS TPI, CBRE 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:

	Investments Measured at the NAV 6/30/2023		Redemption Frequency (if Currently Eligible)	Redemption Notice Period
	Fair Value	Unfunded Commitments		
<i>Real Estate Funds</i>				
UBS TPI	\$ 13,304,529	-	Quarterly	60 Days
CBRE	91,728,401		Quarterly	60 Days
DB RAR II	<u>163,792,620</u>	-	Quarterly	45 days
Total Investments measured at the NAV	<u>\$ 268,825,550</u>			

Investments Measured at the NAV for 2022:

	Investments Measured at the NAV 6/30/2022		Redemption Frequency (if Currently Eligible)	Redemption Notice Period
	Fair Value	Unfunded Commitments		
<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>			

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 2024.

	<u>FY 2024</u>
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
Total	<u>\$ 100,315,000</u>

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 2024, the EFIB authorized a regular distribution of \$1,871,600 based on approximately 5% of the Capitol Permanent Fund balance.

NOTE 15 - SUBSEQUENT EVENTS

On August 15, 2023, the Board of Land Commissioners approved beneficiary distributions for fiscal year 2025. Fiscal year 2025 beneficiary distributions have not yet been appropriated by the legislature and will be considered by the legislature in its 2024 session.

<u>Beneficiaries</u>	<i>Distributions Proposed FY 2025</i>
Public School	\$ 63,039,600
Agricultural College	1,993,200
Charitable Institutions	7,116,000
Normal School	7,273,200
Penitentiary	3,154,800
School of Science	6,722,400
State Hospital South	7,776,000
University of Idaho	6,146,400
Total	<u>\$ 103,221,600</u>



**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 year ended June 30, 2023, 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 15, 2023.

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.

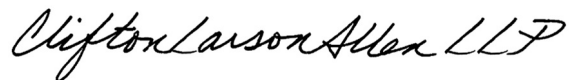
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



CliftonLarsonAllen LLP

Boise, Idaho
August 15, 2023



Supplementary Schedules

STATE OF IDAHO ENDOWMENT FUND
 SUPPLEMENTARY SCHEDULE OF STATEMENT OF NET POSITION BY ENDOWMENT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023



	Public School	Agricultural College	Charitable Institutions	Normal School
PERMANENT NET POSITION				
Permanent Net Position, beginning of year	\$ 1,292,281,595	\$ 41,193,785	\$ 146,681,656	\$ 149,887,990
Program Revenues:				
Receipts from Dept. of Lands	4,584,478	93,481	19,853	449,683
Income from Investments	79,783,966	484,353	2,556,416	5,630,267
Total Program Revenue	84,368,444	577,834	2,576,269	6,079,950
Transfer to Earnings Reserve	-	-	-	-
Transfer from Earnings Reserve	-	-	-	-
Increase in Net Position	84,368,444	577,834	2,576,269	6,079,950
Permanent Net Position, end of year	1,376,650,039	41,771,619	149,257,925	155,967,940
EARNINGS RESERVE NET POSITION				
Earnings Reserve Net Position, beginning of year	356,112,597	11,237,360	39,802,020	43,952,169
Program Revenues:				
Receipts from Dept. of Lands	50,217,420	410,971	6,254,020	9,273,327
Income from Investments	87,399,571	4,728,742	16,393,990	14,464,615
Total Program Revenues	137,616,991	5,139,714	22,648,010	23,737,942
Program Expenses:				
Distribution for Expenses-Lands	20,016,167	328,624	1,447,794	1,393,817
Distribution for Expenses-EFIB	6,945,195	215,951	781,302	816,238
Distributions to Beneficiaries	61,532,200	1,927,500	7,008,000	6,568,700
Total Program Expenses	88,493,561	2,472,075	9,237,096	8,778,755
Net Program Revenue	49,123,430	2,667,639	13,410,914	14,959,187
Transfer to Permanent Fund	-	-	-	-
Transfer from Permanent Fund	-	-	-	-
Increase/(Decrease) in Net Position	49,123,430	2,667,639	13,410,914	14,959,187
Earnings Reserve Net Position, end of year	405,236,027	13,904,999	53,212,934	58,911,356
TOTAL NET POSITION	\$ 1,781,886,066	\$ 55,676,618	\$ 202,470,859	\$ 214,879,296

STATE OF IDAHO ENDOWMENT FUND
 SUPPLEMENTARY SCHEDULE OF STATEMENT OF NET POSITION BY ENDOWMENT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023



Penitentiary	School of Science	State Hospital South	University of Idaho	Capitol	Total
\$ 67,537,001	\$ 140,867,184	\$ 125,737,265	\$ 130,395,997	\$ 35,794,320	\$ 2,130,376,793
920	13,553	344,728	16,773	875,669	6,399,138
(2,705,122)	(1,083,429)	3,985,852	(513,169)	3,588,336	91,727,470
(2,704,202)	(1,069,876)	4,330,580	(496,396)	4,464,005	98,126,609
-	-	-	-	(1,826,300)	(1,826,300)
-	-	-	-	-	-
(2,704,202)	(1,069,876)	4,330,580	(496,396)	2,637,705	96,300,309
64,832,799	139,797,307	130,067,845	129,899,601	38,432,026	2,226,677,101
18,434,164	37,722,335	40,979,495	34,922,124	10,023,747	593,186,012
1,358,523	2,122,471	3,972,980	7,466,002	203,485	81,279,200
11,305,580	18,831,130	12,697,043	17,549,136	1,106,623	184,476,431
12,664,103	20,953,601	16,670,024	25,015,138	1,310,108	265,755,631
723,799	1,639,247	1,321,938	1,036,397	175,507	28,083,289
358,576	737,071	686,333	690,810	191,362	11,422,839
3,139,600	6,672,700	7,586,400	5,879,900	1,021,819	101,336,819
4,221,975	9,049,018	9,594,671	7,607,107	1,388,688	140,842,947
8,442,128	11,904,583	7,075,352	17,408,031	(78,580)	124,912,684
-	-	-	-	-	-
-	-	-	-	1,826,300	1,826,300
8,442,128	11,904,583	7,075,352	17,408,031	1,747,720	126,738,984
26,876,292	49,626,918	48,054,848	52,330,155	11,771,467	719,924,996
\$ 91,709,091	\$ 189,424,225	\$ 178,122,693	\$ 182,229,756	\$ 50,203,492	\$ 2,946,602,097

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
PERMANENT NET POSITION				
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
EARNINGS RESERVE NET POSITION				
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 FUNDS
 SCHEDULE OF THE GAIN BENCHMARK
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023



<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>
Public School	2001-2022	555,954,750	111,516,472	207,877,000	415,864,661	1,291,212,883
	2023	1,291,212,883	4,584,478	-	80,852,678	1,376,650,039
Agricultural College	2001-2022	14,787,041	62,101	12,643,000	11,729,999	39,222,141
	2023	39,222,141	93,481	-	2,455,997	41,771,619
Charitable Institutions	2001-2022	54,513,960	413,476	42,134,000	43,382,379	140,443,815
	2023	140,443,815	19,853	-	8,794,257	149,257,925
Normal School	2001-2022	47,258,942	31,272,028	28,656,000	39,166,953	146,353,923
	2023	146,353,923	449,683	-	9,164,334	155,967,940
Penitentiary	2001-2022	18,258,289	35,289	26,203,000	16,514,907	61,011,485
	2023	61,011,485	920	-	3,820,394	64,832,799
School of Science	2001-2022	54,836,451	465,233	34,732,000	41,512,935	131,546,619
	2023	131,546,619	13,553	-	8,237,136	139,797,307
State Hospital South	2001-2022	23,442,162	34,072,949	37,197,000	27,366,720	122,078,831
	2023	122,078,831	344,728	-	7,644,286	130,067,845
University	2001-2022	42,442,536	6,267,620	39,170,000	34,348,975	122,229,131
	2023	122,229,131	16,773	-	7,653,697	129,899,601

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



<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>
Public School	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
Agricultural College	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
Charitable Institutions	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
Normal School	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
Penitentiary	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
School of Science	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
State Hospital South	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
University	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



INDEPENDENT ACCOUNTANTS' REPORT

Idaho Department of Lands
Boise, Idaho

We have performed the procedures enumerated below, which were agreed to by Idaho Department of Lands, solely to assist you with respect to the allocation procedures for the year ended June 30, 2023.

Management of Idaho Department of Lands has agreed to and acknowledge that the procedures performed are appropriate to meet the intended purpose of observing the allocation methodology of Idaho Department of Lands. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

Procedures

1. Revenues: Obtain IBIS Report 'Endowment Revenue by Beneficiary' and the DAFR 8180 reports and perform the following for the year ended June 30, 2023:
 - a. Agree revenue in total by each of the nine endowments per the IBIS report to the Department of Lands (IDL) Income Statement.
 - b. Recalculate the allocation of the nine asset activities to the seven asset classes per the methodology outlined in the "Endowment Lands Income Statement Methodology" Document dated June 30, 2023 for revenues.
 - c. Agree revenues in total for each of the recalculated seven asset classes to the IDL Income Statement.

Findings

1. None noted.

Procedures

2. Project Expense: Obtain the 'Income Statement Expense Query – FYE Final' which includes the Business Services, Forest Resources, and Trust Lands expenditures and project codes in an Excel workbook. Perform the following for the year ended June 30, 2023:
 - a. Agree project expenses in total by each of the nine endowments per the above reports to the IDL Income Statement.
 - b. Recalculate the allocation of the nine asset activities to the seven asset classes per the methodology included in the "Endowment Lands Income Statement Methodology" Document dated June 30, 2023 for project expenses.
 - c. Agree project expenses in total for each of the recalculated seven asset classes to the IDL Income Statement.

- d. Obtain listing of projects with transactions recorded to project expense during the year ended June 30, 2023, and agree total to project expense on IDL Income Statement for the year ended June 30, 2023.
 - i. Obtain defined project allocation percentages for each project selected and recalculate recorded allocation to respective endowments.
 - ii. Report any discrepancies.

Findings

2. None noted.

Procedures

3. Non-Project Expense: Obtain DAFR 8290 Report and perform the following for the year ended June 30, 2023:
 - a. Recalculate the allocation of the nine asset activities to the seven asset classes per the methodology outlined in the "Endowment Lands Income Statement Methodology" Document dated June 30, 2023 for indirect expenses.
 - b. Agree non-project expenses in total for each of the recalculated seven asset classes to the IDL Income Statement.
 - c. Recalculate the allocation of the total non-project expenses by asset class to each of the nine endowments based on the methodology included in the "Endowment Lands Income Statement Methodology" Document dated June 30, 2023 for direct expenses.
 - d. Agree non-project expenses by endowment for each of the recalculated nine endowments to the IDL Income Statement.

Findings

3. None noted.

Procedures

4. Overhead: Obtain DAFR 8290 Report and perform the following for the year ended June 30, 2023:
 - a. Agree total overhead per the "Income Statement Expense Query – FYE Final" to the IDL Income Statement.
 - b. Recalculate the allocation of the total overhead expenses to each of the nine endowments and each of the seven asset classes based on the methodology included in the "Endowment Lands Income Statement Methodology" Document dated June 30, 2023 for overhead.

Findings

4. None noted.

We were engaged by Idaho Department of Lands to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the allocation procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Idaho Department of Lands and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Idaho Department of Lands and is not intended to be, and should not be, used by anyone other than this party.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boise, Idaho
August 10, 2023