Financial Statements
August 31, 2024 and 2023

Idaho Health Facilities Authority

Idaho Health Facilities Authority

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Independent Auditor's Report

To the Board of Directors
Idaho Health Facilities Authority
Boise, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of business-type activities of the Idaho Health Facilities Authority (the Authority) as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of August 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of the Authority's 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 Authority's 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 the Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
November 20, 2024

Idaho Health Facilities Authority
Statements of Net Position
August 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 515,097	$ 341,416
Investments	2,893,827	3,191,826
Initial and annual service fees receivable	52,346	24,141
Reimbursable legal fee service receivable	60,712	85,154
Interest receivable	5,063	4,268
Prepaid expenses	40,596	34,074
Total current assets	3,567,641	3,680,879
Right-of-Use Asset, Net	125,499	22,477
Capital Assets, Net	4,744	9,115
	$ 3,697,884	$ 3,712,471
Liabilities and Net Position		
Current Liabilities		
Accounts payable	$ 118,331	$ 57,956
Salaries and benefits-related accrued liabilities	18,530	12,888
Lease liability	23,401	22,391
Deferred revenue	266,089	267,071
Total current liabilities	426,351	360,306
Long-Term Liabilities		
Lease liability	102,322	-
Total liabilities	528,673	360,306
Net Position		
Net investment in capital assets	4,520	9,201
Unrestricted	3,164,691	3,342,964
Total net position	3,169,211	3,352,165
	$ 3,697,884	$ 3,712,471

Idaho Health Facilities Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended August 31, 2024 and 2023

	2024	2023
Operating Revenues		
Initial and annual service fees	$ 561,465	$ 247,584
Reimbursable legal fee service revenue	27,663	85,154
Total operating revenues	589,128	332,738
Operating Expenses		
Personnel	484,328	464,331
Travel and meetings	66,442	58,047
Communications	3,127	2,651
Insurance	50,715	51,227
Office expense	6,532	12,239
Depreciation	4,370	4,370
Amortization expense	24,604	23,611
Interest expense	1,468	1,283
Professional fees	270,178	131,036
Association dues and fees	8,251	14,181
Reimbursable legal fee service expense	27,663	85,154
Other	3,103	1,700
Total operating expenses	950,781	849,830
Operating Loss	(361,653)	(517,092)
Nonoperating Revenues		
Net investment income	175,066	58,335
Miscellaneous revenue	3,633	-
Total nonoperating revenues	178,699	58,335
Change in Net Position Before Extraordinary Item	(182,954)	(458,757)
Extraordinary Item	-	(239,166)
Net Position, Beginning of Year	3,352,165	4,050,088
Net Position, End of Year	$ 3,169,211	$ 3,352,165

	2024	2023
Operating Activities		
Initial and annual fee service fees received	$ 584,383	$ 490,514
Payments to employees	(478,686)	(463,453)
Payments to vendors and suppliers	(382,158)	(339,717)
Net Cash used for Operating Activities	(276,461)	(312,656)
Investing Activities		
Purchase of investments	(425,000)	-
Proceeds from the sale of investments	874,363	479,742
Interest income	26,541	25,587
Net Cash from Investing Activities	475,904	505,329
Financing Activities		
Principal and interest payments on office space lease	(25,762)	(25,321)
Net Cash used for Financing Activities	(25,762)	(25,321)
Net Change in Cash and Cash Equivalents	173,681	167,352
Cash and Cash Equivalents, Beginning of Year	341,416	174,064
Cash and Cash Equivalents, End of Year	$ 515,097	$ 341,416
Reconciliation of Operating Loss to Net		
Cash used for Operating Activities		
Operating loss	$ (361,653)	$ (517,092)
Adjustment to reconcile operating loss to net cash used for operating activities		
Depreciation	4,370	4,370
Amortization	24,604	23,611
Adjustment for lease remeasurement	2,263	-
Changes in assets and liabilities		
Initial and annual service fees receivable	(28,205)	(24,141)
Reimbursable legal fee service receivable	24,442	(85,154)
Interest receivable	(795)	492
Prepaid expenses	(6,522)	(3,596)
Accounts payable	60,375	20,905
Accrued compensated absences	5,642	878
Deferred revenue	(982)	267,071
Net Cash used for Operating Activities	$ (276,461)	$ (312,656)
Supplemental Disclosure For Cash Flow Information		
Non-Cash Investing, Capital, and Financing Transactions		
Annual fees receivable write-off from conversion to advance billing	$ -	$ 239,166
Addition of right-to-use leased asset due to remeasurement	$ 127,626	$ -

Note 1 - Summary of Significant Accounting Policies

Entity

The Idaho Health Facilities Authority (the Authority) is an independent public corporation created by the Legislature of the State of Idaho in 1972. The Authority is not considered a component unit of the State of Idaho, but is a related party. The Authority assists health institutions in the State of Idaho by providing additional means for financing building programs and major equipment acquisitions and for refunding or refinancing outstanding indebtedness incurred for health facilities. The Authority's obligation on its bonds and notes payable is limited to a pledge to the bondholder or note holder of the Authority's right to receive payment from the health institution. However, the Authority has the right to intervene to obtain performance from health institutions if there is a default, and the Authority may take other actions, such as the appointment of consultants or other experts, to assist the health institution. The Authority may also have to take action to preserve assets which are the security for the obligations in the event of defaults. The Authority maintains a reserve fund to finance extraordinary expenditures which might be incurred in connection with these activities.

Bonds and notes issued by the Authority are not debt of the State of Idaho or any political subdivision thereof, and neither the State nor any political subdivision is obligated for such debt. The Authority is not authorized to levy or collect taxes or assessments to pay any bonds or notes that have been issued for any other purpose. The Authority has no taxing power.

The accounting and reporting policies of the Authority included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB).

Basis of Presentation

The Authority is accounted for and reported as a proprietary-type enterprise fund using the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. The statements of net position and the statements of revenues, expenses and changes in net position display information about the Authority. Operations are financed from initial and annual fees.

Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing these statements, management is required to use estimates and assumptions which affect the amounts reported in the financial statements and related disclosures. Such estimates and assumptions may change over time and actual amounts realized may differ from those reported.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Authority considers all highly liquid investments with an initial maturity of twelve months or less to be cash and cash equivalents. This includes all cash on hand, checking and savings accounts, money market mutual funds, short-term securities, and zero-coupon securities.

Accounts Receivable

The Authority provides credit in the normal course of business to its clients and performs ongoing credit evaluations of those customers. No allowance has been made for uncollectible receivables at August 31, 2024 and 2023, since, in the opinion of management, initial, annual service fee, and reimbursable legal fee receivables are fully collectible. The Authority has not recognized any losses since its inception. However, if a receivable did become delinquent it would be turned over to the Board of Directors to determine action. There is no provision for charging interest on a receivable.

The Authority's initial, annual service fee, and reimbursable legal fee receivables consist entirely of amounts due from health institutions located within the State of Idaho.

Capital Assets

Capital assets are recorded at cost, except for donated assets, which are recorded at fair value at the date of donation. All purchases over $1,500 with an estimated useful life of greater than one year are capitalized. Depreciation is computed by straight-line method over the estimated useful lives of the depreciable capital assets. The estimated lives are based on the following table:

Furniture	10 years
Equipment	3-5 years
Computer software	3 years

Right-to-use leased assets are recognized at the lease commencement date and represent the Authority's right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is 3 years.

Investments

According to the policies established by the Board, the Authority is authorized to invest in certain fixed income investments which are consistent with Section 39-1457 of the Idaho Code. In accordance with this section, the Authority's investment may be invested in U.S. Treasury Obligations, GSE Agency Obligations, Certificates of Deposits, Bank Deposits, Savings Accounts, and bonds issued by the State and any other Idaho municipality.

Investments are reported at fair value, in accordance with GASB Statement No. 72. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 sets forth the framework for measuring value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 – Valuation inputs are quoted prices in active markets for identical asset or liability as of the measurement date.

Level 2 – Valuation inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 – Valuation inputs are based on significant unobservable inputs for an asset or liability.

As a practical expedient, GASB 72 allows the net asset value (NAV) or its equivalent to be used when a readily determinable fair value is not available. The NAV valuations are based on valuations of the underlying companies as determined and are excluded from the fair value hierarchy. Additional required disclosures can be found in Note 2: Investments.

Accrued Compensated Absences

Accumulated unpaid vacation and compensatory time amounts are accrued and charged to expenses when incurred. Sick pay amounts are charged to expenses when used. Terminated employees are not paid for unused sick time.

Lease Liabilities

Lease Liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Authority.

Deferred Revenue

The Authority's annual fees are billed in advance and due on each anniversary date of a financing, with the first fee due at closing. Annual fees for each one-year billing period are based on the outstanding principal balance at the beginning of the period and are calculated 7 basis points (0.07%) on the first $100 million and 1 basis point (0.01%) on any amounts in excess of $100 million. Bills are sent out to clients in advance of the period in which they relate to. For money that is collected in advance of the period in which the services relate to, deferred revenue is recognized.

Net Position

Net position is presented in the following components:

Net investment in capital assets - Capital assets, net of accumulated depreciation and amortization, less any associated debt.

Unrestricted - Net position that is not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by control agreements with outside parties.

Revenue Recognition

Revenues are recognized over the course of the year, on a monthly basis. Annual fees are billed on the anniversary date of the obligation for the following fiscal year. Until the time in which the revenue has been earned, any cash collected in advance of services performed is deferred.

Operating and Non-Operating Revenues

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Non-operating revenues consist of market value changes within investments. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Extraordinary Item

Effective September 1, 2022, the Authority's Board approved a change in the timing of billings for customers. The Authority changed their billing practices from billing in arrears to billing in advance. As a result of the change in billing, the outstanding amounts due from customers as of August 31, 2022, in the amount of $239,166, were written off.

Note 2 - Cash and Investments

Custodial Credit Risk

Custodial credit risk on deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned. At August 31, 2024 and 2023, there were $900 and $868, respectively, in deposits that exceeded FDIC insurance limits. The Authority had $109,863 and $139,450, that were collateralized by Fannie Mae CMO (Collateralized Mortgage Obligation) as of August 31, 2024 and 2023, respectively.

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures* as the risk a government may face should interest rate variances affect the fair value of investments. The Authority does not presently have a formal policy that addresses interest rate risk.

As of August 31, 2024, the Authority has the following investments subject to interest rate risk:

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S Government Agency Obligations	$ 2,893,827	$ 2,893,827	$ -	$ -	$ -

Credit Risk

Credit risk is the risk that an issuer of debt securities or counterparty to an investment will not fulfill its obligation. GASB 40 requires disclosure of credit quality ratings for investments in debt securities. The Authority does not presently have a formal policy that addresses credit risk. The U.S. Government Agency Obligations have investment ratings of Aaa based on standards set by Standard and Poor's.

Concentration of Credit Risk

Per GASB Statement No. 40, concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investments in a single issuer. As of August 31, 2024, the Authority was 100% invested in U.S Government Agency Obligations.

Fair Value Measurements and Applications

The following table shows the fair hierarchy as of August 31, 2024 and 2023:

		Fair Value Measurements Using:		
Investment Type	August 31, 2024	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S Government Agency Obligation	$ 2,893,827	$ -	$ 2,893,827	$ -
Total Investments by Fair Value Level	$ 2,893,827	$ -	$ 2,893,827	$ -

		Fair Value Measurements Using:		
Investment Type	August 31, 2023	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S Government Agency Obligation	$ 3,191,826	$ -	$ 3,191,826	$ -
Total Investments by Fair Value Level	$ 3,191,826	$ -	$ 3,191,826	$ -

Note 3 - Capital Assets

Capital asset activity for the Authority as of August 31, 2024 and 2023, was as follows:

	September 1, 2023	Additions	Deletions	August 31, 2024
Furniture and equipment	$ 48,385	$ -	$ (9,771)	$ 38,614
Accumulated depreciation	(39,270)	(4,371)	9,771	(33,870)
Net capital assets	$ 9,115	$ (4,371)	$ -	$ 4,744

	September 1, 2022	Additions	Deletions	August 31, 2023
Furniture and equipment	$ 48,385	$ -	$ -	$ 48,385
Accumulated depreciation	(34,900)	(4,370)	-	(39,270)
Net capital assets	$ 13,485	$ (4,370)	$ -	$ 9,115

Note 4 - Major Customers

Initial and annual service fees revenues equating to 35.25% and 70.78% of total initial and annual service fee revenue came from five and four health institutions for the years ended August 31, 2024 and 2023, respectively. 94.89% of the initial and annual service fee receivable amount was made up of two health institutions for the year ended August 31, 2024. For the year ended August 31, 2023, one institution made up 100% of the initial and annual service fee receivable amount.

Note 5 - Conduit Debt

Conduit Debt Obligations with Limited Commitments

The Authority has issued health facilities bonds and notes payable that finance the acquisition, construction, and equipping of new and existing buildings by health facilities around the State of Idaho. The buildings are pledged as collateral for the bonds and notes payable. The health facilities are the obligors of the underlying bonds and notes payable for those buildings. The bonds and notes are payable solely from payments received from the health facilities on those obligations. In addition, no commitments beyond the collateral, the payments from the health facilities, and maintenance of the tax-exempt status of the conduit debt obligations were extended by the Authority for any of those obligations. At August 31, 2024 and 2023, the bonds have an aggregate outstanding principal amount payable of $1,444,034,626 and $1,434,931,826, respectively. At August 31, 2024 and 2023, the notes payable have an aggregate outstanding principal amount payable of $42,927,371 and $37,860,827, respectively.

Conduit Debt Obligations with an Appropriation Pledge

To provide safe and sanitary conditions for the Ada County Coroner, the Authority has issued a health facilities bond that provides capital financing to Ada County (the County). Bond proceeds are to be used by the County to construct a new coroner facility in Boise, Idaho. A 99-year leasehold on the facility is pledged as collateral for the bonds. The County is the obligor of the underlying bond. The bonds are payable solely from payments received by the Authority from the County on the underlying bond. The Authority has assigned these payments to the Trustee of the bonds, Zions Bancorporation, National Association. The County is obligated to pay annual rentals only to the extent that funds for annual rentals are budgeted each year by the County's Board of Commissioners and the lease agreement is affirmatively renewed by the County. The County may terminate the Lease Agreement in any year without penalty if the County's Board of Commissioners determines to not budget for Annual Rentals and not to affirmatively renew the Lease Agreement for the next Fiscal Year. Upon occurrence of an event of default or an event of nonrenewal, the Trustee can re-enter and take possession of the facility. At August 31, 2024 and 2023, the bonds had an aggregate outstanding principal amount payable of $26,940,000 and $27,450,000, respectively. The bonds mature in 2050.

Note 6 - Refunded Debt

In prior years, the Authority entered into refunding transactions whereby refunding bonds were issued to facilitate the retirement of certain conduit debt already outstanding. The proceeds of each refunding issue were placed in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payments of interest and principal on the issue being refunded.

The Authority has not computed the economic growth gain or loss (the difference between the present value of the debt service payments on the old and new debt) resulting from its defeased bonds since the Authority is not the beneficiary of such a gain nor the bearer of such a loss.

Note 7 - Leases

In 2009, the Authority entered into an agreement for the right-to-use an office space for Authority operations. The agreement had an original expiration date of July 31, 2024, but during the current fiscal year the terms of the lease were renegotiated to extend the lease term to July 31, 2029 (an additional 5 years). Under the terms of the renegotiated agreement, the Authority pays a monthly, escalating fee of approximately $2,033.

The Authority had a right-of-use asset of $127,626 and $93,310 and a lease liability of $125,723 and $22,391, for the years ended August 31, 2024 and 2023, respectively, gross of accumulated amortization. The Authority recorded $24,604 and $23,611, for the years ended August 31, 2024 and 2023, respectively, in amortization expense for the right-to-use asset. The Authority used an interest rate of 4.44% for the office space lease, which was calculated as their incremental borrowing rate at the date of remeasurement of the lease agreement.

Activity of the leased asset for the years ended August 31, 2024 and 2023, is as follows:

	Balance at September 1, 2023	Additions	Deletions	Balance at August 31, 2024
Right-of-use asset				
Office Space	$ 93,310	$ 127,626	$ (93,310)	$ 127,626
Accumulated Amortization				
Office Space	(70,833)	(24,604)	93,310	(2,127)
Right-of-Use Asset, net	$ 22,477	$ 103,022	$ -	$ 125,499

	Balance at September 1, 2022	Additions	Deletions	Balance at August 31, 2023
Right-of-use asset				
Office Space	$ 93,310	$ -	$ -	$ 93,310
Accumulated Amortization				
Office Space	(47,222)	(23,611)	-	(70,833)
Right-of-Use Asset, net	$ 46,088	$ (23,611)	$ -	$ 22,477

Activity of the lease liability for the years ended August 31, 2024 and 2023, is as follows:

	Balance at September 1, 2023	Additions	Deletions	Balance at August 31, 2024
Lease liability				
Office Space	$ 22,391	$ 125,723	$ (22,391)	$ 125,723

	Balance at September 1, 2022	Additions	Deletions	Balance at August 31, 2023
Lease liability				
Office Space	$ 46,429	$ -	$ (24,038)	$ 22,391

Remaining principal and interest payments on the lease agreement are as follows:

Year Ended August 31,	Principal	Interest	Total
2025	$ 23,401	$ 5,110	$ 28,511
2026	24,461	4,049	28,510
2027	25,569	2,409	27,978
2028	26,728	1,782	28,510
2029	25,564	571	26,135
	$ 125,723	$ 13,921	$ 139,644

Interest expense on the lease agreement was $1,468 and $1,283, for the years ended August 31, 2024 and 2023, respectively.

Supplementary Information
August 31, 2024

Idaho Health Facilities Authority

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CPAs & BUSINESS ADVISORS

Independent Auditor's 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*

To the Board of Directors
Idaho Health Facilities Authority
Boise, Idaho

We have audited, in accordance with 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 (*Government Auditing Standards*), the financial statements of the business-type activities of the Idaho Health Facilities Authority (the Authority), which comprise the statements of net position as of August 31, 2024 and 2023, and the related statements of revenues, expenses and changes in net position, and cash flow for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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.



Boise, Idaho
November 20, 2024