



A G E N D A
ALASKA CORPORATION FOR AFFORDABLE HOUSING
BOARD OF DIRECTORS
ANNUAL MEETING

OCTOBER 21, 2020
ANCHORAGE

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. APPROVAL OF MINUTES: October 30, 2019 Annual BOD Meeting.
Next Resolution: 2020-01
- IV. PUBLIC COMMENTS:
- V. OLD BUSINESS:
- VI. NEW BUSINESS:
 - A. Board Members Oath of Office and Conflict of Interest.
 - B. Election of Officers: Board Chair, Vice Chair, President, Vice President, Secretary and Treasurer
 - C. Activity Update
 - D. Consideration of a resolution accepting the annual statement of financial conditions for the Alaska Corporation for Affordable Housing. (2020-01)
 - E. Consideration of a resolution to approve the fiscal year 2022 operating budget for the Alaska Corporation for Affordable Housing. (2020-02)
- VII. ANY OTHER MATTERS TO COME BEFORE THE BOARD
 - A. ADJOURNMENT

The Chair may announce changes in the Order of Business during the meeting.

ALASKA CORPORATION FOR AFFORDABLE HOUSING
ANNUAL BOARD OF DIRECTORS MEETING

October 30, 2019

9:30 a.m.

Anchorage / Juneau / Fairbanks

The Annual Board of Directors Meeting of the Alaska Corporation for Affordable Housing (“ACAH”) was held at Alaska Housing Finance Corporation (“AHFC”), 1st Floor, 4300 Boniface Parkway, in Anchorage, Alaska on October 30, 2019 commencing at 9:30 a.m. **Actual start time was 10:01 a.m.*

The following board members were present at the meeting (or attended via teleconference):

BRENT LEVALLEY Anchorage	CHAIR Member of the Board
ALAN WILSON Anchorage	Vice Chair Member of the Board
VIVIAN STIVER Via Conference Call	Member of the Board
BRUCE TANGEMAN Anchorage	Commissioner Department of Revenue Member of the Board
ADAM CRUM Via Conference Call	Commissioner Department of Health & Social Services Member of the Board
JOHN SPRINGSTEEN Anchorage	Designee for Commissioner Department of Commerce, Community & Economic Development Member of the Board

I. ROLL CALL. A quorum was declared present and the meeting was duly and properly convened for the transaction of business.

II. APPROVAL OF AGENDA. CHAIR LEVALLEY asked for approval of the agenda. Seeing and hearing no objections, the agenda was approved as presented.

III. MINUTES: OCTOBER 31, 2018 ANNUAL BOD MEETING. CHAIR LEVALLEY asked for revisions or acceptance of the minutes. BRUCE TANGEMAN made a motion for approval of the minutes presented. ALAN WILSON seconded the motion. Seeing and hearing no objection, the minutes were approved as presented.

IV. PUBLIC COMMENTS. There were no public comments in Anchorage, Juneau or Fairbanks.

V. OLD BUSINESS: No old business to report.

VI. NEW BUSINESS:

A. BOARD MEMBER OATH OF OFFICE AND CONFLICT OF INTEREST STATEMENT. The Alaska Constitution requires all public officers to take and subscribe to the Alaska Oath of Office. The Alaska Oath of Office was read into record and confirmed by roll call vote. (6-0).

B. ELECTION OF OFFICERS. CHAIR LEVALLEY read the item into record. CHAIR LEVALLEY opened the floor up for nominations for Board Chair, President, two Vice President positions, Secretary and Treasurer. BRUCE TANGEMAN nominated Board Chair – Brent LeValley, Vice Chair – Alan Wilson, President – Bryan Butcher, Vice President – Catherine Stone, Additional Vice President Mark Romick, Secretary and Treasurer – Haven Harris. JOHN SPRINGSTEEN 2nd the motion for nominations. Discussion followed. The nominations were unanimously approved by roll call vote. (6-0)

C. ACTIVITY UPDATE. PRESIDENT BRYAN BUTCHER read the item into record and CARRIE COLLINS presented the item. Ms. Collins gave an update of activities that have taken place since the last Annual board meeting in 2018. Discussion followed. No action from the board was required.

D. CONSIDERATION OF A RESOLUTION ACCEPTING THE ANNUAL STATEMENT OF FINANCIAL CONDITIONS FOR THE ALASKA CORPORATION FOR AFFORDABLE HOUSING. PRESIDENT BRYAN BUTCHER read the item into record and CARRIE COLLINS with ACAH, JAMES DOWDY with BDO presented the item. Ms. Collins stated The Alaska Corporation for Affordable Housing (ACAH) (the “Corporation”) was incorporated in February 2012, under the authority of AS 18.56.086. Its purpose is to expand affordable housing in Alaska by leveraging funds derived from its status as an instrumentality of the Alaska Housing Finance Corporation (AHFC), the state public housing authority. Article III, Section 10 of the Bylaws of ACAH requires the Corporation to deliver an annual report certified by a firm of independent public accountants covering assets, liabilities, revenue and expenses of the Corporation for each fiscal year. Ms. Collins gave an overview of the financials. The most recent completed audited financial statements for ACAH were prepared and delivered to ACAH by the firm BDO USA. This annual report covers fiscal year 2019.

Mr. Dowdy gave an overview of the Audit Wrap Up. Discussion followed. BRUCE TANGEMAN made a motion to accept resolution 19-01 as presented. ALAN WILSON seconded the motion. The resolution was approved.

(6-0)

RESOLUTION 2019-01

RESOLUTION ACCEPTING THE ANNUAL STATEMENT OF FINANCIAL CONDITIONS FOR FISCAL YEAR 2019.

E. CONSIDERATION OF A RESOLUTION TO APPROVE THE FISCAL YEAR 2021 OPERATING BUDGET FOR THE ALASKA CORPORATION FOR AFFORDABLE HOUSING. PRESIDENT BRYAN BUTCHER read the item into record and CARRIE COLLINS presented the item. Ms. Collins stated that each year the annual budget for ACAH is prepared in-conjunction with the annual budget of the Alaska Housing Finance Corporation (AHFC). As an instrumentality of AHFC, ACAH's administrative functions are performed by AHFC through a shared services agreement. It is in ACAH's best interest that a formal budget authorization is reviewed and approved by the ACAH Board of Directors. Ms. Collins gave an overview of the 2021 proposed budget. Discussion followed. BRUCE TANGEMAN made a motion to accept resolution 18-05 as presented. ALAN WILSON seconded the motion. The resolution was unanimously approved. (6-0)

RESOLUTION 2019-02

RESOLUTION APPROVING SUBMISSION OF THE FISCAL YEAR 2021 OPERATING BUDGET THROUGH THE DEPARTMENT OF REVENUE TO THE GOVERNOR'S OFFICE FOR SUBMITTAL TO THE STATE LEGISLATURE.

VII. ANY OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD. CHAIR LEVALLEY asked if there were any other matters to come before the Board. Seeing and hearing no objections, the meeting was adjourned at 10:16 a.m.

ATTESTED:

Brent LeValley
Board Chair



Board Member Oath of Office

“I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of Alaska, and that I will faithfully discharge my duties as a member of the Board of Directors of the Alaska Corporation for Affordable Housing to the best of my ability.”





MEMORANDUM

DATE: October 21, 2020
TO: Board of Directors
FROM: Staff
RE: Election of Officers

Background:

Article V, paragraph (a), of the Articles of Incorporation states that the Corporation's Board of Directors "will consist of the same directors as the Sole Member's Board of Directors" and that said directors shall serve for "the same term as the director's term on the Sole Member's Board of Directors." Any designees serving on the Sole Member's Board of Directors shall also serve on the Corporation's Board of Directors. The Sole Member is the Alaska Housing Finance Corporation.

Section 2 *Elections* of the bylaws require annual elections of officers of the Corporation. The current officer positions are:

Chair
Vice Chair
President
Vice President
Secretary/Treasurer

ACAH has two Vice Presidents in accordance with the Bylaws which allow for one or more Vice Presidents.

Recommendation and requested action:

In accordance with the Bylaws, an election of officers is required at this time.



MEMORANDUM

DATE: October 21, 2020
TO: Board of Directors
FROM: Bryan Butcher, President
RE: Update on Corporation Activities

This is a summary of the activities of the Corporation that have taken place since the Board meeting held October 30, 2019.

1. *Subsidiary Administration:*

- a. Timely submission of quarterly ethics reports to the Attorney General's Office.
- b. 2020 Biennial Report filed with the State of Alaska.
- c. Business license renewed through 12/31/2021.

2. *Public Housing Department Disposition Activities:*

- a. Vacant Land Disposition: Staff continues to assist AHFC's Public Housing Department with the sale of three parcels of vacant land located in Anchorage, Kodiak, and Fairbanks.
- b. Anchorage Single Family Homes Disposition: Staff received approval from HUD to sell six single family homes within the Anchorage public housing portfolio. The sale of these homes will provide affordable homeownership opportunities for low income families.

3. *Housing Development Planning:*

- a. ACAH purchased 7 acres of vacant land in Wasilla for future development of affordable housing.
- b. Staff issued a competitive RFP for architectural and engineering services. Eight firms submitted proposals and Design Alaska was awarded the term contract.



- c. Staff continue to work with our real estate/development consultants to evaluate acquisition and development opportunities throughout Alaska.

4. Property Management/Lease Administration:

- a. Description and status of ACAH property:

<i>Type of Property:</i>	<i>Description:</i>	<i>Current Status:</i>
Land	Loussac Place (Anchorage)	Remains under lease, annual payments current.
8 plex	1509 24 th Avenue (Fairbanks)	Remains under lease, monthly rent payments current.
8 plex	1516 25 th Avenue (Fairbanks)	Remains under lease, monthly rent payments current.
Land	Susitna Square (Anchorage)	Remains under lease, annual payment nominal.
Land	Ridgeline Terrace (Anchorage)	Remains under lease, annual payment nominal.
Land	Glenn Square Mall – Fragment Lot (Anc)	Lease ended 12/31/2019.

5. Completed Development Projects/Partnership Performance:

- a. ANC MV Phase I LP - Ridgeline Terrace & Susitna Square: Continue to partner with Cook Inlet Housing Authority for property management services at Rideline Terrace (70 units) and Susitna Square (18 units).

This development partnership holds two loans with ACAH and payments are made annually based on available cash flow.



MEMORANDUM

DATE: October 21, 2020

TO: Board of Directors

FROM: Staff

RE: Resolution Accepting the Annual Statement of Financial Conditions for the Alaska Corporation for Affordable Housing

Background

The Alaska Corporation for Affordable Housing (ACAH) (the “Corporation”) was incorporated in February 2012, under the authority of AS 18.56.086. Its purpose is to expand affordable housing in Alaska by leveraging funds derived from its status as an instrumentality of the Alaska Housing Finance Corporation (AHFC), the state public housing authority.

Article III, Section 10 of the Bylaws of ACAH requires the Corporation to deliver an annual report certified by a firm of independent public accountants covering assets, liabilities, revenue and expenses of the Corporation for each fiscal year.

The most recent completed audited financial statements for ACAH were prepared and delivered to ACAH by the firm Eide Bailly on 9/30/2020. This annual report covers fiscal year 2020 and is attached to this memo.

Decision

The attached resolution for consideration will fulfill the requirements of the bylaws to prepare an annual report of financial conditions for ACAH.

Staff recommends approval of Resolution 2020-01.



RESOLUTION No. 2020-01

RESOLUTION ACCEPTING THE ANNUAL STATEMENT OF FINANCIAL CONDITIONS FOR FISCAL YEAR 2020

WHEREAS, Article III Section 10 *Annual Report* of the Bylaws for the Alaska Corporation for Affordable Housing (the "Corporation") require preparation of an annual report for the Corporation covering assets, liabilities, expenses and revenues for the Corporation; and

WHEREAS, the annual report shall be prepared by an independent third party firm of certified public accountants in accordance with generally accepted accounting principles; and

WHEREAS, on September 30, 2020, the firm Eide Bailly delivered an audited financial statement for the Corporation meeting the requirements of said section of the Bylaws;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Alaska Corporation for Affordable Housing that it accepts the FY 2020 financial statements for the Corporation, prepared by Eide Bailly, dated 9/30/2020 as fulfillment of the requirements of Section 10 of the Bylaws.

PASSED AND APPROVED by the Board of the Alaska Corporation for Affordable Housing this 21st day of October 2020.

Board Chair



September 30, 2020

To the Board of Directors
Alaska Corporation for Affordable Housing
Anchorage, Alaska

We have audited the financial statements of the Alaska Corporation for Affordable Housing (the Corporation) for the year ended June 30, 2020 and have issued our report thereon dated, September 30, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our letter dated May 15, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Corporation is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the collectability of receivables is based on historical information and trends. We evaluated the key factors and assumptions used to develop the collectability of receivables and the loss potential on real estate owned. We determined the estimates are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Corporation's financial statements relate to:

The disclosure in Note 5 to the financial statements of the valuation of loans receivable.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no corrected or uncorrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated September 30, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Corporation we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Corporation's auditors.

This information is intended solely for the use of Board of Directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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

Boise, Idaho



Alaska Corporation for Affordable Housing

(A component unit of Alaska Housing Finance Corporation)

Financial Statement

And Independent Auditor's Report

June 30, 2020

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Independent Auditor's Report

To the Board of Directors
Alaska Corporation for Affordable Housing
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of Alaska Corporation for Affordable Housing (the Corporation), a component unit of Alaska Housing Finance Corporation, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements 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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Corporation as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho

September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of Alaska Corporation for Affordable Housing (the Corporation) have been prepared in accordance with generally accepted accounting principles and contain the Independent Auditor's Report, the Management's Discussion and Analysis and the basic financial statements. All amounts within the financial statements, unless otherwise indicated, are rounded to the dollar.

The management's discussion and analysis is an overview and analysis of the financial activities of the Corporation for the twelve months ended June 30, 2020. This information should be read in conjunction with the Independent Auditor's Report, and basic financial statements immediately following this section.

The basic financial statements include the Statement of Net Position (Exhibit A), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), the Statement of Cash Flows (Exhibit C), and Notes to Financial Statements. These statements provide both long-term and short-term information about the Corporation's overall financial condition with the notes providing more detailed information. These statements are prepared using the accrual basis of accounting; revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Statement of Net Position presents the assets, liabilities and net position of the Corporation, giving the financial statement reader a snapshot of the fiscal condition of the Corporation at the end of the fiscal year.

The Statement of Revenues, Expenses and Changes in Net Position measures the operations over the past operating period.

The Statement of Cash Flows provides information about the sources and uses of the Corporation's cash.

FINANCIAL HIGHLIGHTS

- At the end of fiscal year 2020, the Corporation had total assets of \$28,094,385 and total liabilities of \$1,796,247.
- For the twelve months ended June 30, 2020, the Corporation had an operating income of \$176,212.
- In August 2019, the Corporation received \$6,688 from ANC MV Limited Liability Company for management fees for fiscal years 2017 and 2018.
- In September the Corporation received \$1,664,129 from Alaska Housing Finance Corporation for future development of affordable housing.
- In December 2020, the Corporation purchased land for a future project at a total cost of \$1,073,378.
- Operation and administration expenses increased by \$79,320. This increase is related to the addition of a new employee who was added to the staff near the end of fiscal year 2019.
- Construction notes receivable increased by \$226,107 due to capitalization of accrued interest. Unpaid interest is capitalized annually.
- Provision for loan loss decreased by \$140,044. This decrease is due to the estimate for loan loss relating to two loans to ANC MV Phase I Limited Partnership changing from 9% to 8% at the beginning of fiscal year 2020.

CONDENSED STATEMENT OF NET POSITION

The following table presents information about the financial position of the Corporation as of June 30, 2020, and 2019, and changes in the balances thereof during the fiscal year ended June 30, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	2020	2019	Increase (Decrease)
Cash	\$ 8,199,542	\$ 7,701,769	\$ 497,773
Construction notes receivable	12,760,892	12,534,785	226,107
Capital assets	6,945,091	5,910,492	1,034,599
Other assets	188,860	136,918	51,942
Total assets	28,094,385	26,283,964	1,810,421
Due to AHFC	82,809	84,455	(1,646)
Note Payable to AHFC	1,423,153	1,423,153	-
Other liabilities	290,285	318,559	(28,274)
Total liabilities	1,796,247	1,826,167	(29,920)
Total net position	\$ 26,298,138	\$ 24,457,797	\$ 1,840,341

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table presents a comparison of condensed information for the fiscal years ended June 30, 2020, and 2019 and the change between those fiscal years.

	2020	2019	Increase (Decrease)
Lease income	\$ 229,312	\$ 259,307	\$ (29,995)
Fee Income	38,368	62,337	(23,969)
Interest	149,933	147,614	2,319
Other revenue	2,853	10,479	(7,626)
Total revenue	420,466	479,737	(59,271)
Operations and administration	374,315	294,995	79,320
Provision for loan loss	(130,061)	9,983	(140,044)
Total expenses	244,254	304,978	(60,724)
Operating income (loss)	176,212	174,759	1,453
Capital contributions	1,664,129	-	1,664,129
Change in net position	\$ 1,840,341	\$ 174,759	\$ 1,665,582

CAPITAL ASSETS

During the current fiscal year, the Corporation purchased land for a future development project at a total cost of \$1,073,378.

ECONOMIC FACTORS

There has been a decline in federal public housing operational dollars as result of congressional focus on national debt reduction along with the tightening of state capital and operating budgets. The challenge facing all public housing authorities is to serve as many people as possible facing the decline in funding. The Corporation will be able to access tax-exempt bonds, low income housing tax credits, foundation funding and other sources previously unavailable to AHFC.

ALASKA CORPORATION FOR AFFORDABLE HOUSING

a component unit of Alaska Housing Finance Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

The public housing stock is aging and its renovation and replacement needs are part of the future considerations for the Corporation.

In the coming years, the Corporation will be looking at opportunities to partner with AHFC on the conversion of portions of the public housing stock under a new HUD program called the Rental Assistance Demonstration program (RAD). Other projects similar to Ridgeline Terrace and Susitna Square will be considered based on funding and land availability.

CONTACT ACAH'S FINANCIAL MANAGEMENT

For inquiries about this report or additional financial information, call (907) 330-8322 or email finance@ahfc.us.

ALASKA CORPORATION FOR AFFORDABLE HOUSING
(A Component Unit of Alaska Housing Finance Corporation)
STATEMENT OF NET POSITION
As of June 30, 2020
(in dollars)

Exhibit A

ASSETS		
Cash		\$ 7,909,257
Limited partnership cash in escrow		290,285
Accounts receivable		119,110
Accrued interest receivable		66,644
Prepaid insurance		2,083
Construction notes receivable, net		12,760,892
Capital assets - non-depreciable		6,198,601
Capital assets - depreciable, net		746,490
Other assets		1,023
Total Assets		<u>28,094,385</u>
LIABILITIES		
Due to AHFC		82,809
Developer Fee Payable		290,285
Note payable to AHFC		1,423,153
Total Liabilities		<u>1,796,247</u>
NET POSITION		
Investment in capital assets		6,945,091
Unrestricted		19,353,047
Total Net Position		<u>\$ 26,298,138</u>

See accompanying notes to the financial statements.

ALASKA CORPORATION FOR AFFORDABLE HOUSING
(A Component Unit of Alaska Housing Finance Corporation)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2020
(in dollars)

Exhibit B

OPERATING REVENUES

Lease income	\$ 229,312
Fee Income	38,368
Interest	149,933
Other Income	2,853
Total Operating Revenue	<u>420,466</u>

OPERATING EXPENSES

Operations and administration	374,315
Provision for loan loss	<u>(130,061)</u>
Total Operating Expense	<u>244,254</u>

Operating Income 176,212

Capital contribution - CASH 1,664,129

Change in Net Position 1,840,341

Net position at beginning of year 24,457,797

Net Position at End of Period \$ 26,298,138

See accompanying notes to the financial statements.

ALASKA CORPORATION FOR AFFORDABLE HOUSING
(A Component Unit of Alaska Housing Finance Corporation)
STATEMENT OF CASH FLOWS
For the year ended June 30, 2020
(in dollars)

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental income	\$ 224,312
Other operating receipts	7,888
Other operating disbursements	<u>(8,691)</u>
Net cash provided by (used for) operating activities	<u><u>223,509</u></u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to AHFC	<u>(386,088)</u>
Net cash provided by (used for) noncapital financing activities	<u><u>(386,088)</u></u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Developer fees received	23,968
Developer fees paid	(23,968)
Deposits/Interest received for escrow accounts	694
Payments from AHFC	1,664,129
Net cash provided by (used for) capital financing activities	<u><u>1,664,823</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment interest	11,740
Purchases of land	<u>(1,016,211)</u>
Net cash provided by (used for) investing activities	<u><u>(1,004,471)</u></u>
Net Increase (decrease) in cash	497,773
Cash at the beginning of year	7,701,769
Cash at the end of period	<u><u>\$ 8,199,542</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 176,212
<i>Adjustments:</i>	
Depreciation expense	38,779
Escrow interest received	(11,740)
Mortgage Interest Earned	(138,193)
Increase in accounts receivable	(7,712)
Increase in prepaid insurance	(2,083)
Increase in Due to AHFC	327,276
Decrease in developer fee payable	(23,968)
Decrease in allowance for loan loss	(130,062)
Decrease in unearned revenue	(5,000)
Net cash provided by (used for) operating activities	<u><u>\$ 223,509</u></u>
Non-Cash Activities	
Land costs paid by Alaska Housing Finance Corporation	\$ 57,167

See accompanying notes to the financial statements.

Note Disclosures to Financial Statements

NOTE DISCLOSURES INDEX

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Notes to Financial Statements

FOR THE TWELVE MONTHS ENDED JUNE 30, 2020

1 ALASKA CORPORATION FOR AFFORDABLE HOUSING

The Alaska Corporation for Affordable Housing (the "Corporation") is a non-profit corporation. It was incorporated on February 1, 2012, under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Statutes creating the Alaska Housing Finance Corporation (AS 18.56), as amended. The Corporation is a subsidiary of Alaska Housing Finance Corporation ("AHFC") in accordance with the Legislature's intent. The Corporation was formed to develop, manage and operate affordable housing and provide supportive and related services to support the mission of AHFC. AHFC's statutes do not provide AHFC with the power to undertake certain types of housing or to participate in some financing and ownership structures. The Corporation's mission is to undertake the types of affordable housing and services that are not open to AHFC directly, but which support AHFC's mission of providing affordable housing and services to individuals and groups in need.

The Corporation is legally independent and separate from AHFC, but there is financial accountability between the Corporation and AHFC. AHFC has operational responsibility of the Corporation and there is the potential for a financial benefit and/or burden between AHFC and the Corporation. The Corporation's purpose is to benefit and support AHFC in providing affordable housing to Alaskans. The Board of Directors of the Corporation and AHFC are one and the same.

The Corporation is presented as a blended component unit in AHFC's financial statements.

The Corporation is a government instrumentality of the State of Alaska (the "State") but has legal existence independent of and separate from the State.

ANC MV Limited Liability Company (the "LLC") was created and recorded with the State of Alaska on January 23, 2014. The LLC's purpose is to facilitate the financing and development of the Ridgeline Terrace and Susitna Square projects and provide security against lawsuits and other business related liabilities. The LLC is legally independent and separate from the Corporation. The Corporation owns 99.99% of the LLC's membership interest and has the ability to impose its will on the LLC.

The Corporation has financial accountability for the LLC. Accordingly, the LLC is considered a component unit of the Corporation. The LLC's first year of operation ended December 31, 2014. The Corporation does not consider the component unit's financial data material enough to disclose in its financial statements at this time. Additional financial information about the LLC can be obtained by contacting the Cook Inlet Housing Authority.

The LLC is the general partner in the ANC MV Phase 1 Limited Partnership with a .01% ownership interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The Corporation is engaged in business-type activities that utilize a proprietary enterprise fund.

The financial statements are reported using the *economic resources measurement focus* and *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating Revenue and Expenses

The Corporation's operating revenues are generated by services associated with the construction, financing and management of affordable housing projects. The operating expenses of the Corporation are the direct costs of providing those services. All other transactions not meeting the definition of operating revenues and expenses are reported as non-operating or contributions of capital.

Notes to Financial Statements

Depreciation

Depreciation and amortization of buildings, equipment, and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization threshold is \$5,000.

Net Position

The Corporation's net position represents the difference between assets and liabilities. The investment in capital assets of the Corporation equals its capital assets less accumulated depreciation. The unrestricted net position balance represents the Corporation's financial resources that are used for the specific purpose established when it was incorporated.

3 CASH

Cash consists of demand deposits and escrow accounts for developer fees to be paid pursuant to the Development Services Fee Escrow Agreement dated October 22, 2014. As of June 30, 2020, the Corporation's bank balance of \$8,199,572 included cash deposits in the amount of \$7,949,572 that were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Corporation's name. A summary of the Corporation's cash is shown below.

	June 30, 2020
Unrestricted cash	\$ 7,909,257
Developer fee escrow accounts	290,285
Carrying amount	<u>\$ 8,199,542</u>
Bank balance	<u>\$ 8,199,572</u>

4 CAPITAL ASSETS

Capital asset activity and a summary of balances for the twelve months ended June 30, 2020, are shown below:

	June 30, 2019	Additions	Reductions	June 30, 2020
Non-Depreciable Capital Assets:				
Land	\$ 5,125,223	\$ 1,073,378	\$ -	\$ 6,198,601
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	<u>5,125,223</u>	<u>1,073,378</u>	<u>-</u>	<u>6,198,601</u>
Depreciable Capital Assets:				
Buildings	969,468	-	-	969,468
Less Accumulated Depreciation	(184,199)	-	(38,779)	(222,978)
Net Depreciable Assets	<u>785,269</u>	<u>-</u>	<u>(38,779)</u>	<u>746,490</u>
Total All Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,910,492</u>	<u>\$ 1,073,378</u>	<u>\$ (38,779)</u>	<u>\$ 6,945,091</u>

The cost of land includes demolition and survey costs incurred to prepare the land for the start of construction. \$57,167 of the total \$1,073,378 of land acquired during the year ended June 30, 2020 was paid by AHFC and reimbursed by the Corporation.

The depreciation charged by the Corporation was \$38,779 for the twelve months ended June 30, 2020.

Notes to Financial Statements

5 NOTES RECEIVABLE

As of June 30, 2020, the Corporation had two construction notes receivable outstanding. Funds were loaned to the ANC MV Phase 1 Limited Partnership for the construction of two Low Income Housing Tax Credit properties, Ridgeline Terrace and Susitna Square, both located in Anchorage, Alaska.

Both notes mature on October 22, 2044. Interest began accruing at 1.00% per annum on the completion date of each project, which was February 1, 2016, for Ridgeline Terrace, and October 1, 2015, for Susitna Square. Interest and principal are due on both notes to the extent of available cash flow of the projects. The notes are secured by Leasehold Deeds of Trust and an Assignment of Leases and Rents of the projects. No principal is due on these notes within the next year. A summary of the balances is shown below. Allowance for loan loss is calculated as 8% of the construction loan balance.

	Ridgeline Terrace	Susitna Square	Total
Construction Loans	\$ 11,215,527	\$ 2,655,007	\$ 13,870,534
Less: Allowance for loan loss	(897,241)	(212,401)	(1,109,642)
Net Construction loans receivable	<u>\$ 10,318,286</u>	<u>\$ 2,442,606</u>	<u>\$ 12,760,892</u>

6 LONG TERM LIABILITIES

The Corporation's note payable to AHFC is repayable over a thirty-year period beginning after project operations have begun. The note has no required minimum payment and is non-interest bearing. The note was established through a reimbursable grant agreement with AHFC, whereby eligible expenses incurred by the Corporation were reimbursed by AHFC with federal funds. The amount of the repayment of the note payable is based upon ACAH's annual cash flows. There was no payment made towards the note for the year ended June 30, 2020. There was no change in the note's principal balance of \$1,423,153 during the 12 months ended June 30, 2020.

Other liabilities include developer fees in the amount of \$290,285 to be paid to various third parties involved in the development of the Ridgeline Terrace and Susitna Square housing developments, based on available cash flow as calculated in accordance with the Development Services Agreement dated October 22, 2014. No developer fees were paid during the year ended June 30, 2020 due to the developments not meeting certain benchmarks required by the Developer Agreements.

7 RELATED PARTY TRANSACTIONS

The Corporation is a subsidiary of AHFC and utilizes its administrative and support services under a shared services memorandum agreement. AHFC's Chief Executive Officer, Deputy Executive Officer, and Director of Public Housing serve as ACAH's President and Vice Presidents, respectively. As of June 30, 2020, the Corporation owed \$14,647 to AHFC for utilities as well as shared services expenses and \$68,162 for payroll expenses paid by AHFC on the Corporation's behalf. During the year ended June 30, 2020 \$62,772 was incurred for utilities as well as shared services expenses and \$254,443 was incurred for payroll expenses.



MEMORANDUM

DATE: October 21, 2020

TO: Board of Directors

FROM: Staff

RE: Review and Approval of ACAH's FY2022 Operating Budget

Background:

Each year the annual budget for ACAH is prepared in-conjunction with the annual budget of the Alaska Housing Finance Corporation (AHFC). As an instrumentality of AHFC, ACAH's administrative functions are performed by AHFC through a shared services agreement. It is in ACAH's best interest that a formal budget authorization is reviewed and approved by the ACAH Board of Directors.

Recommendation and requested action:

Approve resolution authorizing the President of ACAH to submit this budget through the Department of Revenue to the Office of Management and Budget for inclusion in the Governor's proposed FY2022 Budget.



RESOLUTION No. 2020-02

RESOLUTION APPROVING SUBMISSION OF THE FISCAL YEAR 2022 OPERATING BUDGET THROUGH THE DEPARTMENT OF REVENUE TO THE GOVERNOR'S OFFICE FOR SUBMITTAL TO THE STATE LEGISLATURE

WHEREAS, the Budget Director of the Alaska Housing Finance Corporation has prepared the proposed fiscal year 2022 ACAH Operating budget through a shared services agreement with the Alaska Corporation for Affordable Housing (ACAH);

WHEREAS, the Alaska Housing Finance Corporation reviewed and discussed the budget with the Office of Management and Budget on September 28, 2020; and

WHEREAS, the President of ACAH, after carefully considering funding levels developed by staff, recommends to the full Board of Directors, the proposed Operating budget developed for fiscal year 2022; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of ACAH that the fiscal year 2022 Operating budget request be hereby approved for submission and authorizes the President of ACAH to submit this budget through the Department of Revenue to the Office of Management and Budget for inclusion in the Governor's Budget submitted to the State Legislature.

PASSED AND APPROVED by the Board of the Alaska Corporation for Affordable Housing this 21st day of October 2020.

Board Chair

ACAH Operations FY2020

	Authorized	Actuals (with Encumbrances)	Unused Authority
Category	\$479,200	\$324,858	\$154,342
Contractual	129,700	73,792	55,908
Equipment	15,000	0	15,000
Grants	0	0	0
Land/Buildings	0	0	0
Miscellaneous	0	0	0
Personal Services	284,900	250,366	34,534
Supplies	24,800	76	24,724
Travel	24,800	625	24,175
Funding Source	\$479,200	\$324,858	\$154,342
CIP Receipts	172,200	151,831	20,369
Corporate Receipts	0	0	0
Federal Receipts	307,000	173,028	133,972
Interagency Receipts	0	0	0

FY2022 ACAH Operating Budget Request Summary

	FY 2021			FY 2022	
	Operations	Public Housing	Total	Inc/Dec	Total
Category	\$0	\$307,000	\$307,000	\$0	\$307,000
Contractual	0	129,700	129,700	0	129,700
Equipment	0	15,000	15,000	0	15,000
Grants	0	0	0	0	0
Land/Buildings	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Personal Services	0	112,700	112,700	0	112,700
Supplies	0	24,800	24,800	0	24,800
Travel	0	24,800	24,800	0	24,800
Funding Source	\$0	\$479,200	\$479,200	\$0	\$479,200
CIP Receipts	0	172,200	172,200	0	172,200
Corporate Receipts	0	0	0	0	0
Federal Receipts	0	307,000	307,000	0	307,000
Interagency Receipts	0	0	0	0	0
Position Count	0	2	2	0	2
Full-Time PCNs:	0	2	2	0	2
Part-Time PCNs:	0	0	0	0	0
Seasonal PCNs:	0	0	0	0	0