



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

OCTOBER 30, 2019
ANCHORAGE/JUNEAU/FAIRBANKS

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. APPROVAL OF MINUTES: October 31, 2018 Annual BOD Meeting.
Next Resolution: 2019-01
- 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. (2019-01)
 - E. Consideration of a resolution to approve the fiscal year 2021 operating budget for the Alaska Corporation for Affordable Housing. (2019-02)
- 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 31, 2018

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 31, 2018 commencing at 9:30 a.m.

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

BRENT LEVALLEY Via Conference Call	CHAIR Member of the Board
ALAN WILSON Anchorage	Vice Chair Member of the Board
OLEN HARRIS Anchorage	Member of the Board
MIKE BARNHILL Via Conference Call	Designee for Commissioner Department of Revenue Member of the Board
GENNIFER MOREAU Via Conference Call	Designee for Commissioner Department of Health & Social Services Member of the Board
MIKE NAVARRE Anchorage	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. CHAIR LEVALLEY asked VICE CHAIR ALAN WILSON to chair the meeting since VICE CHAIR WILSON was at the meeting in person in Anchorage.

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

III. MINUTES: OCTOBER 25, 2017 ANNUAL BOD MEETING, NOVEMBER 29, 2017 SPECIAL BOD MEETING, FEBRUARY 28, 2018 SPECIAL BOD MEETING, AND APRIL 25, 2018 SPECIAL BOD MEETING. VICE CHAIR WILSON asked for revisions or acceptance of the minutes. BRENT LEVALLEY made a motion for approval of all minutes presented. MIKE NAVARRE seconded the motion. Seeing and hearing no objection, the minutes were all 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. VICE CHAIR WILSON read the item into record. VICE CHAIR WILSON opened the floor up for nominations for Board Chair, President, two Vice President positions, Secretary and Treasurer. OLEN HARRIS 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. BRENT LEVALLEY 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 2017. 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 and CYNTHIA WEISER with AHFC 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. The most recent completed audited financial statements for ACAH were

prepared and delivered to ACAH by the firm BDO USA, LLP on 10/1/2018. This annual report covers fiscal year 2018. Mr. Dowdy gave an overview of the Audit Wrap Up and Cynthia Weiser gave an overview of the ACAH Financials. Discussion followed. BRENT LEVALLEY made a motion to accept resolution 18- 04 as presented. MIKE NAVARRE seconded the motion. The resolution was approved. (6-0)

RESOLUTION 2018-04

RESOLUTION ACCEPTING THE ANNUAL STATEMENT OF
FINANCIAL CONDITIONS FOR FISCAL YEAR 2018.

E. RESOLUTION APPROVING THE SUBMISSION OF FY 2020 PROPOSED BUDGET. 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 2020 proposed budget. Discussion followed. MIKE NAVARRE made a motion to accept resolution 18-05 as presented. OLEN HARRIS seconded the motion. The resolution was unanimously approved. (6-0)

RESOLUTION 2018-05

RESOLUTION APPROVING SUBMISSION OF THE FISCAL
YEAR 2020 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. VICE CHAIR WILSON asked if there were any other matters to come before the Board. Seeing and hearing no objections, the meeting was adjourned at 9:50 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 30, 2019
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 30, 2019
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 31, 2018.

1. *Subsidiary Administration:*

- a. Staffing: ACAH's budget funds two staff positions. The second staff position was filled in March 2019 providing administrative support for the Corporation.

2. *Public Housing Portfolio Assessment:*

- a. Vacant Land Disposition: Staff conducted a review of vacant land held in the public housing portfolio to determine opportunities for development and disposition. Seven lots were identified for disposition and four lots have been sold.

A HUD Section 18 Disposition Application was required to dispose of three lots. HUD approved the application in September and those lots are currently being marketed for sale.

- b. Anchorage Single Family Homes Disposition: Staff identified the disposition of six single family homes within the Anchorage public housing portfolio as an opportunity to provide affordable homeownership for low income families.

Staff is working through the HUD Section 18 Disposition application requirements to dispose of these six units.



3. *Housing Development Planning:*

- a. Currently under contract for the purchase of approximately 7 acres in Wasilla. Staff anticipates developing 100 units of affordable housing in two phases with the first phase to begin summer 2020.
- b. 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)	Monthly payments current, lease terminates 12/31/19.

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 30, 2019

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 BDO USA, LLP on 10/8/2019. This annual report covers fiscal year 2019 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 2019-01.



RESOLUTION No. 2019-01

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

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 October 8, 2019, the firm BDO USA, LLP 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 2019 financial statements for the Corporation, prepared by BDO USA, LLP, dated 10/8/2019 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 30th day of October 2019.


Board Chair



Alaska Corporation for Affordable Housing

AUDIT WRAP UP

June 30, 2019



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Company and is not intended and should not be used by anyone other than these specified parties.

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October 7, 2019

Audit Committee
Alaska Corporation for Affordable Housing

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On May 29, 2019 we presented an overview of our plan for the audit of the financial statements of Alaska Corporation for Affordable Housing (ACAH) as of and for the year ended June 30, 2019, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of ACAH's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to ACAH and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Discussion Outline

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Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2019. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- ▶ We expect to issue an unmodified opinion on the financial statements and release our report on October 8, 2019.
- ▶ Our responsibility for other information in documents containing ACAH's audited financial statements (e.g. management's discussion and analysis, budgetary comparisons, schedules of pensions amounts) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by ACAH and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of ACAH personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES

The following summarizes the more significant required communications related to our audit concerning ACAH's accounting practices, policies, and estimates:

ACAH's significant accounting practices and policies are those included in Note 2 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 2 to the financial statements.

- ▶ There were no changes in significant accounting policies and practices during 2019.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. There are no significant accounting estimates.

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.

There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.

Results of Our Audit

QUALITY OF ACAH'S FINANCIAL REPORTING

A discussion was held regarding the quality of ACAH's financial reporting, which included the following:

- ▶ Qualitative aspects of significant accounting policies and practices
 - We concur with ACAH's interpretation and application of generally accepted accounting principles and practices derived from the standards set by the Governmental Accounting Standards Board (GASB).
- ▶ Financial statement presentation
 - To our knowledge, all necessary disclosures have been included in the footnotes to the financial statements.
- ▶ Alternative accounting treatments
 - We did not identify any accounting treatments that did not comply with generally accepted accounting principles and standards set by GASB.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACAH's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACAH's internal control. Accordingly, we do not express an opinion on the effectiveness of ACAH's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in ACAH's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in 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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses or significant deficiencies.

Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to ACAH:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding ACAH's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Extent to which our plan to use the work of others and the basis for our determination that we can serve as the principal auditor has changed since our planning communication	Since our Audit Planning communications, there have been no significant changes in our plans to use the work of ACAH's internal auditors in the audit of financial statements.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Significant findings and issues arising during the audit in connection with ACAH's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to ACAH's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Other matters significant to the oversight of ACAH's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of ACAH's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

Independence Communication

Our engagement letter to you dated May 29, 2019 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of ACAH with respect to independence as agreed to by ACAH. Please refer to that letter for further information.



Alaska Corporation for Affordable Housing

(A component unit of Alaska Housing Finance Corporation)

Financial Statement

And Independent Auditor's Report

June 30, 2019

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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, 2019, 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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.

BDO USA, LLP

October 8, 2019
Anchorage, Alaska

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, 2019. 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 2019, the Corporation had total assets of \$26,283,964 and total liabilities of \$1,826,167.
- For the twelve months ended June 30, 2019, the Corporation had an operating income of \$174,759.
- In April 2019, the Corporation received \$11,808 from ANC MV Limited Liability Company for management fees for fiscal year 2017.

CONDENSED STATEMENT OF NET POSITION

The following table presents information about the financial position of the Corporation as of June 30, 2019, and 2018, and changes in the balances thereof during the fiscal year ended June 30, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	2019	2018	Increase (Decrease)
Cash	\$ 7,701,769	\$ 7,327,298	\$ 374,471
Construction notes receivable	12,534,785	12,433,847	100,938
Capital assets	5,910,492	5,949,270	(38,778)
Other assets	136,918	397,335	(260,417)
Total assets	26,283,964	26,107,750	176,214
Due to AHFC	84,455	34,129	50,326
Note Payable to AHFC	1,423,153	1,424,914	(1,761)
Other liabilities	318,559	365,669	(47,110)
Total liabilities	1,826,167	1,824,712	1,455
Total net position	\$ 24,457,797	\$ 24,283,038	\$ 174,759

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, 2019, and 2018 and the change between those fiscal years.

	2019	2018	Increase (Decrease)
Lease income	\$ 259,307	\$ 259,315	\$ (8)
Fee Income	62,337	57,600	4,737
Interest	147,614	147,383	231
Other revenue	10,479	10,360	119
Total revenue	479,737	474,658	5,079
Operations and administration	294,995	297,774	(2,779)
Provision for loan loss	9,983	(10,342)	20,325
Total expenses	304,978	287,432	17,546
Operating income (loss)	174,759	187,226	(12,467)
Change in net position	\$ 174,759	\$ 187,226	\$ (12,467)

CAPITAL ASSETS

During the current fiscal year, there was no significant change in capital assets. The decrease is only attributed to depreciation.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

CONTACTING 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, 2019
(in dollars)

Exhibit A

ASSETS	
Cash	\$ 7,388,210
Limited partnership cash in escrow	313,559
Accounts receivable	111,399
Accrued interest receivable	24,496
Construction notes receivable, net	12,534,785
Capital assets - non-depreciable	5,125,223
Capital assets - depreciable, net	785,269
Investment in LLC	1,023
Total Assets	<u>26,283,964</u>
LIABILITIES	
Due to AHFC	84,455
Unearned Rent Revenue	5,000
Developer Fee Payable	313,559
Note payable to AHFC	1,423,153
Total Liabilities	<u>1,826,167</u>
NET POSITION	
Investment in capital assets	5,910,492
Unrestricted	18,547,305
Total Net Position	<u>\$ 24,457,797</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, 2019
(in dollars)

Exhibit B

OPERATING REVENUES

Lease income	\$ 259,307
Fee Income	62,337
Interest	147,614
Other Income	10,479
Total Operating Revenue	<u>479,737</u>

OPERATING EXPENSES

Operations and administration	294,995
Provision for loan loss	9,983
Total Operating Expense	<u>304,978</u>

Operating Income (Loss)	174,759
Change in Net Position	<u>174,759</u>
Net position at beginning of year	<u>24,283,038</u>
Net Position at End of Period	<u>\$ 24,457,797</u>

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, 2019
(in dollars)

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental income	\$ 481,166
Other operating receipts	32,647
Other operating disbursements	(25)
Net cash provided by (used for) operating activities	<u>513,788</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to AHFC	(217,986)
Net cash provided by (used for) noncapital financing activities	<u>(217,986)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Interest received on loans	67,414
Developer fees received	23,968
Developer fees paid	(23,968)
Deposits/Interest received for escrow accounts	826
Net cash provided by (used for) capital financing activities	<u>68,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment interest	10,429
Net cash provided by (used for) investing activities	<u>10,429</u>
Net Increase (decrease) in cash	374,471
Cash at the beginning of year	7,327,298
Cash at the end of period	<u>\$ 7,701,769</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 174,759
<i>Adjustments:</i>	
Depreciation expense	38,779
Bank interest received	(10,429)
Mortgage Interest Earned	(137,185)
Changes in assets and liabilities	447,864
Net cash provided by (used for) operating activities	<u>\$ 513,788</u>

See accompanying notes to the financial statements.

Note Disclosures to Financial Statements

NOTE DISCLOSURES INDEX

NOTE	DESCRIPTION	PAGE
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3	Cash	11
4	Capital Assets	11
5	Notes Receivable	11
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Notes to Financial Statements

FOR THE TWELVE MONTHS ENDED JUNE 30, 2019

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

Net Position

The Corporation's net position represents the difference between assets and liabilities. The restricted net position of the Corporation equals its net investment in capital assets. 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, 2019, the Corporation's bank balance of \$7,701,769 included cash deposits in the amount of \$7,451,769 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.

Unrestricted cash	\$ 7,388,210
Developer fee escrow accounts	313,559
Carrying amount	<u>\$ 7,701,769</u>
Bank balance	<u>\$ 7,701,769</u>

4 CAPITAL ASSETS

Capital asset activity and a summary of balances for the twelve months ended June 30, 2019, are shown below:

	June 30, 2018	Additions	Reductions	June 30, 2019
Non-Depreciable Capital Assets:				
Land	\$ 5,125,223	\$ -	\$ -	\$ 5,125,223
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	<u>5,125,223</u>	-	-	<u>5,125,223</u>
Depreciable Capital Assets:				
Buildings	969,468	-	-	969,468
Less Accumulated Depreciation	(145,421)	-	(38,778)	(184,199)
Net Depreciable Assets	<u>824,046</u>	-	<u>(38,778)</u>	<u>785,269</u>
Total All Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,949,269</u>	<u>\$ -</u>	<u>\$ (38,778)</u>	<u>\$ 5,910,492</u>

The cost of land includes demolition and survey costs incurred to prepare the land for the start of construction.

The depreciation charged by the Corporation was \$38,778 for the twelve months ended June 30, 2019.

5 NOTES RECEIVABLE

As of June 30, 2019, 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

Notes to Financial Statements

Square. Interest and principal are due on both notes to the extent of available cash flow of both 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.

	Ridgeline Terrace	Susitna Square	Total
Construction Loans	\$ 11,133,829	\$ 2,640,660	\$ 13,774,489
Less: Allowance for loan loss	(1,002,045)	(237,659)	(1,239,704)
Net Construction loans receivable	<u>\$ 10,131,784</u>	<u>\$ 2,403,001</u>	<u>\$ 12,534,785</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. The payment made towards the note for the year ended June 30, 2019 was \$1,761.

Other liabilities include developer fees in the amount of \$313,559 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.

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 and Director of Public Housing serve as ACAH's President and Vice President, respectively. As of June 30, 2019, the Corporation owed \$13,641 to AHFC for utilities as well as shared services expenses and \$70,813 for payroll expenses paid by AHFC on the Corporation's behalf.



MEMORANDUM

DATE: October 30, 2019

TO: Board of Directors

FROM: Staff

RE: Review and Approval of ACAH's FY2021 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 FY2021 Budget.



RESOLUTION No. 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

WHEREAS, the Budget Director of the Alaska Housing Finance Corporation has prepared the proposed fiscal year 2021 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 24, 2019; 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 2021; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of ACAH that the fiscal year 2021 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 30th day of October 2019.

Board Chair

ACAH Operations FY 2019

	Authorized	Actuals (with Encumbrances)	Unused Authority
Corporate Receipts	\$0	\$0	\$0
Personal Services	\$0	0	\$0
Travel	\$0	0	\$0
Contractual	\$0	0	\$0
Supplies	\$0	0	\$0
Equipment	\$0	0	\$0
Land/Building	\$0	0	\$0
Grants	\$0	0	\$0
Miscellaneous	\$0	0	\$0
Federal Receipts	\$307,200	\$100,060	\$207,140
Personal Services	\$92,700	\$24,985	\$67,715
Travel	\$25,000	\$8,051	\$16,949
Contractual	\$149,700	\$63,595	\$86,105
Supplies	\$24,800	\$3,429	\$21,371
Equipment	\$15,000	\$0	\$15,000
Land/Building	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0
CIP Receipts	\$172,200	\$153,918	\$18,282
Personal Services	\$172,200	\$153,918	\$18,282
Travel	\$0	\$0	\$0
Contractual	\$0	\$0	\$0
Supplies	\$0	\$0	\$0
Equipment	\$0	\$0	\$0
Land/Building	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0
I/A Receipts	\$0	\$0	\$0
Personal Services	\$0	\$0	\$0
Travel	\$0	\$0	\$0
Contractual	\$0	\$0	\$0
Supplies	\$0	\$0	\$0
Equipment	\$0	\$0	\$0
Land/Building	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0
Total	\$479,400	\$253,978	\$225,422
Personal Services	\$264,900	\$178,903	\$85,997
Travel	\$25,000	\$8,051	\$16,949
Contractual	\$149,700	\$63,595	\$86,105
Supplies	\$24,800	\$3,429	\$21,371
Equipment	\$15,000	\$0	\$15,000
Land/Building	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0

ACAH Proposed Operations FY 2021

	FY 2020			FY 2021	
	Operations	Public Housing	Total	Inc/Dec	Total
Contractual					
CIP	0	0	0	0	0
Corporate	0	0	0	0	0
Federal	0	154,700	154,700	-20,000	134,700
Interagency	0	0	0	0	0
Total Contractual:	\$0	\$154,700	\$154,700	-\$20,000	\$134,700
Equipment					
CIP	0	0	0	0	0
Corporate	0	0	0	0	0
Federal	0	10,000	10,000	0	10,000
Interagency	0	0	0	0	0
Total Equipment:	\$0	\$10,000	\$10,000	\$0	\$10,000
Grants					
CIP	0	0	0	0	0
Corporate	0	0	0	0	0
Federal	0	0	0	0	0
Interagency	0	0	0	0	0
Total Grants:	\$0	\$0	\$0	\$0	\$0
Salary and Benefits					
CIP	0	172,200	172,200	0	172,200
Corporate	0	0	0	0	0
Federal	0	92,700	92,700	20,000	112,700
Interagency	0	0	0	0	0
Total Salary and Benefits:	\$0	\$264,900	\$264,900	\$20,000	\$284,900
Supplies					
CIP	0	0	0	0	0
Corporate	0	0	0	0	0
Federal	0	24,800	24,800	0	24,800
Interagency	0	0	0	0	0
Total Supplies:	\$0	\$24,800	\$24,800	\$0	\$24,800
Travel and Training					
CIP	0	0	0	0	0
Corporate	0	0	0	0	0
Federal	0	24,800	24,800	0	24,800
Interagency	0	0	0	0	0
Total Travel and Training:	\$0	\$24,800	\$24,800	\$0	\$24,800
Funding Source					
CIP	0	172,200	172,200	0	172,200
Corporate	0	0	0	0	0
Federal	0	307,000	307,000	0	307,000
Interagency	0	0	0	0	0
Total Funding Source:	\$0	\$479,200	\$479,200	\$0	\$479,200
Position Count					
Full-Time PCNs:	0	2	2	0	2
Part Time PCNs:	0	0	0	0	0
Seasonal PCNs:	0	0	0	0	0
Total PCNs:	0	2	2	0	2