



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

OCTOBER 30, 2024
ANCHORAGE

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. APPROVAL OF MINUTES: June 26, 2024 Special Board Meeting
Next Resolution: 2024-02
- 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. (2024-02)
 - E. Consideration of a resolution to approve the fiscal year 2026 operating budget for the Alaska Corporation for Affordable Housing. (2024-03)
- VII. ANY OTHER MATTERS TO COME BEFORE THE BOARD
 - A. ADJOURNMENT

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



MINUTES

BOARD OF DIRECTORS SPECIAL MEETING ALASKA CORPORATION FOR AFFORDABLE HOUSING

June 26, 2024

9:30 a.m.

Anchorage/Juneau/Fairbanks

Members of the Alaska Corporation for Affordable Housing Board of Directors met June 26, 2024, in the AHFC Board Room, 4300 Boniface Parkway in Anchorage, Alaska, at 9:30 a.m. Members present in the room and via teleconference were:

BRENT LEVALLEY	Chair Member of the Board
JESS HALL	Co-Chair Member of the Board
ALLEN HIPPLER	Member of the Board
FADIL LIMANI	Designee for Commissioner Department of Revenue Member of the Board
SANDRA MOLLER	Designee for Commissioner Department of Commerce, Community, & Economic Development Member of the Board
DAVID PRUHS	Member of the Board
ABSENT	
HEIDI HEDBERG	Commissioner Department of Health Member of the Board

- I. ROLL CALL.** CHAIR LEVALLEY called the meeting to order. A quorum was declared present, and the meeting was duly and properly convened for the transaction of business.



- II. **APPROVAL OF AGENDA.** CHAIR LEVALLEY proposed the agenda as presented. DAVID PRUHS **moved** to approve the agenda. JESS HALL **seconded**. Hearing no objections, the agenda was approved as presented.
- III. **MINUTES OF October 25, 2023.** CHAIR LEVALLEY asked for a motion to approve the minutes. JESS HALL **moved** to approve the October 25, 2023 minutes as presented. DAVID PRUHS **seconded**. Hearing no objections, the October 25, 2023 meeting minutes were **approved as presented**.
- IV. **PUBLIC COMMENTS:** There were no public comments.
- V. **OLD BUSINESS:** There was no old business to discuss.
- VI. **NEW BUSINESS:**
 - A. **Consideration of a resolution authorizing the President of ACAH to enter into one or more contracts to borrow up to \$12,000,000, lend up to \$10,000,000, and guaranty certain obligations regarding the financing and the development of affordable housing in Valdez, Alaska (Resolution 2024-01).** BRYAN BUTCHER introduced the item and CHELSEA SMITH presented. Ms. Smith presented the resolution for the development of 20 units of affordable housing, containing duplex-style buildings, an office, play structure and dog run area in the City of Valdez. Staff recommended approval of resolution 2024-01. After neither seeing or hearing any questions, CHAIR LEVALLEY asked for a motion and a second to approved Resolution 2024-01. DAVID PRUHS **moved** to approve Resolution 2024-01. JESS HALL **seconded** the motion. A roll call vote was taken and Resolution 2024-01 was passed unanimously.
- VII. **ANY OTHER MATTERS TO COME BEFORE THE BOARD:** No additional matters.
- VII. **ADJOURNMENT.** Chair LeValley asked for a motion to adjourn. DAVID PRUHS **moved** to adjourn. JESS HALL **seconded**. No objections heard, Chair LeValley adjourned the meeting at 9:41 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, 2024
TO: Board of Directors
FROM: Chelsea Smith, Operations & Development Manager
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 may have 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, 2024
TO: Board of Directors
FROM: Chelsea Smith, Operations & Development Manager
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 25, 2023.

1. Disposition Activities:

a. Public Housing Department

- i. Vacant Land Disposition: Staff continue to assist AHFC's Public Housing Department with the listing of a parcel of 4.12 acres of vacant land for sale on Pillar Mountain Road in Kodiak and remains at a list price of \$490,000.00.

b. AHFC

- i. 1525 Boniface Parkway: Staff listed the commercial property for sale, formerly used for Public Housing office space, in March 2024 and had an accepted offer in May 2024. Property closed in August 2024, resulting in \$940,259.25 in proceeds to AHFC.

c. ACAH

- i. Vacant Land Disposition: As approved in Resolution 2023-01, this 1.36 acre parcel of land adjacent to Ridgeline Terrace in Anchorage was listed for sale in December 2023 and remains at list price of \$1,363,762.00.

2. Fairbanks Affordable Housing, LLC:

- a. The Fairbanks Affordable Housing, LLC partnership was established in April 2022 between ACAH and the Corporation's low-income housing tax credit



investor for the development of 58 units of affordable housing in Fairbanks. The development was made possible by leveraging a variety of available funding sources, including the Low Income Housing Tax Credit Program, HUD Public Housing Moving to Work Funds, loan financing, and other private resources.

- b. Construction began in July 2022.
 - i. Borealis Park –Under Construction - 40 units of family housing will have an array of one, two and three bedroom units spread across seven buildings. The development will also include an onsite office and playground. All remaining units set to be complete by the end of this year.
 - 1. Ribbon Cutting even took place on site on 09/04/24 to celebrate the near completion of the project.





3. Valdez

- a. ACAH has contracted Wolverine Supply, Inc. for Design/Build services for 20 units of affordable housing in Valdez. Construction is underway and completion is expected in early 2026.
- b. ACAH has contracted with FNBA for construction financing and WNC for tax credit investment partnership.
 - i. The tax credit partnership with WNC is expected to be finalized by January 2025.
 - ii. The project will use the 4% tax credit program in a similar structure as the Fairbanks development.
 - 1. Required conduit bond approval is expected to be presented to the AHFC board in the November board meeting

4. Housing Development Planning:

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



5. Property Management/Lease Administration:

a. Description and status of ACAH property:

Type of Property:	Description:	Current Status:
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)	Vacant land, not leased – currently listed for sale
Building	591 South McKinley Street (Wasilla)	Remains under lease, monthly rent payments current.
Land	700 Clark Street (Valdez)	Under development into 20 affordable housing units - will be sold or leased to the tax credit partnership once formed.

*Payments made based on available cash flow

6. Completed Development Projects/Partnership Performance:

- a. ANC MV Phase I LP - Ridgeline Terrace & Susitna Square: ACAH continues to partner with Cook Inlet Housing Authority for property management services at Ridgeline 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.

- b. Fairbanks Affordable Housing LLC: The Meadows & Borealis Park: ACAH continues to partner with North Star Management for property management services at The Meadows (18 units) and Borealis Park (40 units).

This development partnership holds one loan with ACAH and one deferred development note with ACAH and payments are made annually based on available cash flow.

7. Operations:

- a. Staff posted an employment opportunity in September 2024 for a Support Specialist to join ACAH's team. Position posting will remain open until filled.



MEMORANDUM

DATE: October 30, 2024

TO: Board of Directors

FROM: Chelsea Smith, Operations & Development Manager

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).

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 09/27/2024. This annual report covers fiscal year 2024 and is attached to this memo.

Decision

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

Staff recommends approval of Resolution 2024-02.



RESOLUTION No. 2024-02

RESOLUTION ACCEPTING THE ANNUAL STATEMENT OF FINANCIAL CONDITIONS FOR FISCAL YEAR 2024

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 27, 2024, 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 2024 financial statements for the Corporation, prepared by Eide Bailly, dated 09/27/2024 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 2024.

Board Chair



Alaska Corporation for Affordable Housing

(A component unit of Alaska Housing Finance Corporation)

Financial Statements

And Independent Auditor's Report

June 30, 2024

TABLE OF CONTENTS

<u>EXHIBITS</u>		<u>PAGE NUMBER</u>
	INDEPENDENT AUDITOR'S REPORT	1 - 3
	MANAGEMENT'S DISCUSSION AND ANALYSIS [MD&A]	4 - 6
	BASIC FINANCIAL STATEMENTS:	
A	STATEMENT OF NET POSITION	7
B	STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	8
C	STATEMENT OF CASH FLOWS	9
	NOTE DISCLOSURES TO FINANCIAL STATEMENTS	10 - 14



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alaska Corporation for Affordable Housing (the Corporation), a component unit of Alaska Housing Finance Corporation, which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses and changes in net position, and cash flows, for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2024, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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.

Eide Bailly LLP

Boise, Idaho

September 27, 2024

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 contains 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, 2024. This information should be read in conjunction with the Independent Auditor's Report, and the Basic Financial Statements immediately following this section.

The Corporation's 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 the 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 2024, the Corporation had total assets of \$37,903,464 and total liabilities of \$1,683,857.
- Cash held by the Corporation decreased by \$1,195,509. This decrease is related to the final payment on the note to and additional payments on behalf of Fairbanks Affordable Housing, LLC (the "Company").
- As of June 30, 2024 the Corporation owed Alaska Housing Finance Corporation (AHFC) \$53,081 for costs paid on their behalf.
- Other Assets increased by \$1,302,427 mainly due to increased interest receivable of \$1,340,789 related to the Company's construction note and increased short term advances of \$588,050.
- Construction notes receivable decreased by \$6,423,088 mainly due to increased provision for loan loss from 8% to 25% on the Ridgeline Terrace and Susitna Square notes, as well as 35% loan loss on the Company's construction note receivable.
- Land was purchased in Valdez, Alaska for \$378,872.
- Other liabilities decreased by \$616,763 due to the \$600,000 of unearned income as of June 30, 2023 that was recognized as income during the current fiscal year.
- For the twelve months ended June 30, 2024, the Corporation had an operating loss of \$5,152,534, primarily due to the increased provision for loan loss of \$7,257,029. In addition, Grant revenue decreased by \$12,400,000.
- Operation and administration expenses increased by \$97,071 mainly due to costs associated with the planning of a housing development in Valdez, Alaska.
- In 2014, AHFC allocated funds for affordable housing development directly related to projects the Corporation was working on at that time. Certain payroll costs accrued by the Corporation are funded as part of the allocation. During the current fiscal year, AHFC reimbursed the Corporation for \$159,049 of payroll costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Statement of Net Position

The following table presents information about the financial position of the Corporation as of June 30, 2024, and 2023, and changes in the balances thereof during the fiscal year ended June 30, 2024.

	2024	2023	Increase (Decrease)
Cash	\$ 8,227,512	\$ 9,423,021	\$ (1,195,509)
Construction notes receivable	19,724,471	26,147,559	(6,423,088)
Capital assets	5,119,359	4,740,487	378,872
Other assets	4,832,122	3,529,695	1,302,427
Total assets	37,903,464	43,840,762	(5,937,298)
Due to AHFC	53,081	111,528	(58,447)
Note Payable to AHFC	1,423,153	1,423,153	-
Other liabilities	207,623	824,386	(616,763)
Total liabilities	1,683,857	2,359,067	(675,210)
Deferred inflow of resources	3,152,821	3,262,375	(109,554)
Total net position	\$ 33,066,786	\$ 38,219,320	\$ (5,152,534)

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, 2024, and 2023, and the change between those fiscal years.

	2024	2023	Increase (Decrease)
Lease income	\$ 109,554	\$ 108,524	\$ 1,030
Fee Income	38,368	38,368	-
Interest	1,197,721	288,264	909,457
Grant Revenue	600,000	13,000,000	(12,400,000)
Other revenue	450,059	454,502	(4,443)
Total revenue	2,395,702	13,889,658	(11,493,956)
Operations and administration	291,207	194,136	97,071
Provision for loan loss	7,257,029	11,319	7,245,710
Total expenses	7,548,236	205,455	7,342,781
Operating income (loss)	(5,152,534)	13,684,203	(18,836,737)
Change in net position	\$ (5,152,534)	\$ 13,684,203	\$ (18,836,737)

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

During the current fiscal year, \$378,872 of land was purchased in Valdez, Alaska to be the site of a new affordable housing property to begin development in the upcoming year.

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. Development costs continue to rise as increased cost of materials and supply chain issues affect project delivery. 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, 2024
(in dollars)

Exhibit A

ASSETS	
Cash	\$ 8,024,724
Limited partnership cash in escrow	202,788
Accounts receivable	96,703
Leases receivable	3,321,455
Accrued interest receivable	821,402
Prepaid insurance	3,489
Construction notes receivable, net	19,724,471
Capital assets - non-depreciable	5,119,359
Construction advances to affiliates	588,050
Other assets	1,023
Total Assets	<u>37,903,464</u>
LIABILITIES	
Due to AHFC	53,081
Due to Fairbanks Affordable Housing	235
Security deposit	4,600
Developer fee payable	202,788
Note payable to AHFC	1,423,153
Total Liabilities	<u>1,683,857</u>
DEFERRED INFLOW OF RESOURCES	<u>3,152,821</u>
NET POSITION	
Investment in capital assets	5,119,359
Unrestricted	27,947,427
Total Net Position	<u>\$ 33,066,786</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, 2024
(in dollars)

Exhibit B

OPERATING REVENUES

Lease income	\$	109,554
Developer fee income		38,368
Investment interest income		1,179,894
Lease interest income		17,827
Grant income		600,000
Other income		450,059
Total Operating Revenues		<u><u>2,395,702</u></u>

OPERATING EXPENSES

Operations and administration		291,207
Provision for loan loss		<u>7,257,029</u>
Total Operating Expenses		<u><u>7,548,236</u></u>

Operating Income		<u><u>(5,152,534)</u></u>
-------------------------	--	---------------------------

Change in Net Position		(5,152,534)
------------------------	--	-------------

Net position at beginning of year		38,219,320
-----------------------------------	--	------------

Net Position at End of Period	\$	<u><u>33,066,786</u></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, 2024
(in dollars)

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental income	\$ 69,293
Other operating receipts	20,234
Other operating disbursements	(61,056)
Payments from AHFC	159,049
Net cash provided by (used for) operating activities	187,520
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to AHFC	(676,164)
Net cash provided by (used for) noncapital financing activities	(676,164)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Loan disbursements	(988,082)
Developer fees received	23,968
Developer fees paid	(23,968)
Deposits/Interest received for escrow accounts	6,970
Net cash provided by (used for) capital financing activities	(981,112)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	284,247
Purchases of land	(10,000)
Net cash provided by (used for) investing activities	274,247
Net Increase (decrease) in cash	(1,195,509)
Cash at the beginning of year	9,423,021
Cash at the end of period	\$ 8,227,512
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (5,152,534)
<i>Adjustments:</i>	
Escrow interest received	(284,247)
Mortgage interest earned	(895,647)
Gain on disposal of capital asset	(238,795)
Decrease in lease receivable	51,466
Increase in due to Fairbanks Affordable Housing	2,128
Decrease in deferred inflows	(109,554)
Increase in accounts receivable	(14,400)
Increase in prepaid insurance	(596)
Increase in due to AHFC	196,638
Decrease in developer fee payable	(23,968)
Increase in allowance for loan loss	7,257,029
Decrease in unearned revenue	(600,000)
Net cash provided by (used for) operating activities	\$ 187,520

See accompanying notes to the financial statements.

NOTE DISCLOSURES INDEX

NOTE	DESCRIPTION	PAGE
1	Alaska Corporation for Affordable Housing	11
2	Summary of Significant Accounting Policies	12
3	Cash	12
4	Leases	12
5	Capital Assets	13
6	Notes Receivable	13
7	Long Term Liabilities	14
8	Deferred Inflows of Resources	14
9	Other Income	14
10	Related Party Transactions	14

Notes to Financial Statements

FOR THE TWELVE MONTHS ENDED JUNE 30, 2024

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.

Fairbanks Affordable Housing Limited Liability Company (the "Company") was created and recorded with the State of Alaska on September 14, 2022. The Company's purpose is to facilitate the financing and development of the Meadows and Borealis Park projects and provide security against lawsuits and other business-related liabilities. The Company is legally independent and separate from the Corporation. Fairbanks Affordable Housing Partners Limited Partnership owns .01% of the Company's membership interest and has the ability to impose its will on the Company.

The Corporation has financial accountability for the Company. Accordingly, the Company is considered a component unit of the Corporation. The Company's first year of operation ended December 31, 2022. 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 Company can be obtained by contacting the Corporation.

The Corporation is the sole partner in the Fairbanks Affordable Housing Partners Limited Partnership with a 100% ownership interest.

Notes to Financial Statements

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.

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. 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, 2024, the Corporation's bank balance of \$8,227,512 were insured and collateralized with securities held by the pledging financial institution's trust department or agent. A summary of the Corporation's cash is shown below.

	June 30, 2024
Unrestricted cash	\$ 8,024,724
Developer fee escrow accounts	202,788
Carrying amount	<u>\$ 8,227,512</u>
Bank balance	<u>\$ 8,227,512</u>

4 LEASES

The Corporation receives lease payments from leasing various properties in Anchorage, Wasilla, and Fairbanks in the form of monthly and annual payments. The lease terms expire at various dates through 2078 and provide for renewal options of one year. As of June 30, 2024, the Corporation recognized a Lease Receivable of \$3,321,455 measured at the present value of future lease receivable expected to be received during the lease term discounted at the 5% incremental borrowing rate.

Lease receivable

For year-end June 30, 2024	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lessor leases				
Building	\$ 3,267,444	\$ -	\$ (28,621)	\$ 3,238,823
Land	105,477	-	(22,845)	82,632
Total	<u>\$ 3,372,921</u>	<u>\$ -</u>	<u>\$ (51,466)</u>	<u>\$ 3,321,455</u>

Notes to Financial Statements

5 CAPITAL ASSETS

Capital asset activity and a summary of balances for the twelve months ended June 30, 2024, are shown below:

	June 30, 2023	Additions	Reductions	June 30, 2024
Non-Depreciable Capital Assets:				
Land	\$ 4,740,487	\$ 378,872	\$ -	\$ 5,119,359
Total Non-Depreciable Capital Assets	4,740,487	378,872	-	5,119,359

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

6 NOTES RECEIVABLE

As of June 30, 2024, the Corporation had three 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. Funds were loaned to Fairbanks Affordable Housing for the construction of a Low-Income Housing Tax Credit in Fairbanks, Alaska.

The two ANC MV Phase 1 Limited Partnership 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 25% of the construction loan balance.

The Fairbanks Affordable Housing Note matures on September 1, 2079. Interest began accruing at 3.14% per annum and repayment of the note begins in 2024 and will be dependent upon the cash flows of the project. The note is secured by a recorded Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases. Interest and principal are due annually beginning in 2024 from cash flow. No cash flow is expected within the next year. A summary of the balance is shown below. Allowance for loan loss is calculated as 35% of the construction loan balance.

	Ridgeline Terrace	Susitna Square	Fairbanks Affordable Housing	Total
Construction Loans	\$ 11,670,922	\$ 2,762,811	\$ 13,691,032	\$ 28,124,765
Less: Allowance for loan loss	(2,917,730)	(690,703)	(4,791,861)	(8,400,294)
Net Construction loans receivable	\$ 8,753,192	\$ 2,072,108	\$ 8,899,171	\$ 19,724,471

Notes to Financial Statements

7 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 cash flow the Corporation receives from the Ridgeline Terrace project. There was no payment made towards the note for the year ended June 30, 2024. There was no change in the note's principal balance of \$1,423,153 during the 12 months ended June 30, 2024.

Other liabilities include developer fees in the amount of \$202,788 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, 2024, due to the developments not meeting certain benchmarks required by the Developer Agreements.

8 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources that are applicable to a future period. As of June 30, 2024, the Corporation recognized a combined total deferred inflows of \$3,152,821 as follows: Crossroads Counseling and Training of \$197,121, Interior Alaska Center for Non-Violent Living of \$34,301, Peak Auto of \$77,442, and \$2,843,957 from Loussac Place Limited Partnership. These amounts represent the equivalent value of lease receivable present value reduced by payments received during the year.

9 OTHER INCOME

In 2014, AHFC allocated funds for affordable housing development directly related to projects the Corporation was working on at that time. Certain payroll costs accrued by the Corporation are funded as part of the allocation. During the current fiscal year, AHFC reimbursed the Corporation for \$159,059 of payroll costs. Continuing forward, AHFC will continue to reimburse the Corporation for payroll costs out of this initial allocation. During the current fiscal year, AHFC transferred land with a cost of \$52,205 to the Corporation. The land was subsequently sold to the Company. A total gain of \$238,795 was realized from the disposal, which brings total Other Income to \$450,059 for the year ended June 30, 2024.

10 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 the Corporation's President and Vice Presidents, respectively. As of June 30, 2024, the Corporation owed \$53,081 to AHFC for utilities as well as shared services expenses. During the year ended June 30, 2024, \$122,239 was incurred for utilities as well as shared services expenses and \$159,351 was incurred for payroll expenses.



MEMORANDUM

DATE: October 30, 2024

TO: Board of Directors

FROM: Chelsea Smith, Operations & Development Manager

RE: Review and Approval of ACAH's FY2026 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 FY2026 Budget.



RESOLUTION No. 2024-03

RESOLUTION APPROVING SUBMISSION OF THE FISCAL YEAR 2026 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 2026 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 23 2024; 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 2026; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of ACAH that the fiscal year 2026 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 2024.

Board Chair



FY2026

Alaska Corporation for Affordable Housing

Operating & Capital Budget Request

Board presentation Oct. 30, 2024
AHFC Budget department



Alaska Corporation for Affordable Housing FY2024 Operating Budget - Authorizations and Actual Expenditures

	Authorized	Actuals (with Encumbrances)	Unused Authority
Category	\$492,400	\$240,061	\$252,339
Capital Outlay	15,000	-	15,000
Commodities	14,800	73	14,727
Grants	-	-	-
Land/Building	-	-	-
Miscellaneous	-	-	-
Personal Services	271,900	159,351	112,549
Services	165,900	70,480	95,420
Travel	24,800	10,157	14,643
Funding Source	\$492,400	\$240,061	\$252,339
AHFC Corporate	-	-	-
CIP	172,400	159,351	13,049
Federal COVID*	-	-	-
Federal HUD	320,000	80,710	239,290
I/A Authority	-	-	-
MHTAAR	-	-	-
Stat. Designated*	-	-	-



FY2026 Operating Budget Alaska Corporation for Affordable Housing Request Summary

FY2026 Management Plan

Alaska Corporation for Affordable Housing (ACAH) – Changes from FY2025 Management Plan

Significant Changes in Results Delivered in FY2026 *Increment Request for ACAH*

To implement the FY2026 3% Cost of Living Increments outlined in Senate Bill 259, AHFC is requesting a Personal Services increment of \$9,321. The specific increments by fund source include: 1) CIP Receipt Authority - \$5,547; and 3) Federal Receipt Authority - \$3,774.

ACAH Major Change Detail for FY2026

Increment Request

<i>Funding Source:</i>	\$9,321
CIP Receipts	5,547
Federal Receipts	3,774
 <i>Budget Category:</i>	 \$9,321
Personal Services	9,321

Current ACAH FY2025 Funding Authority	\$512,600
Proposed ACAH FY2026 Funding Authority	\$521,921



Narrative Descriptions for Changes from FY2025 Management Plan (OMB) Alaska Corporation for Affordable Housing

Increment Request

SB 259 COLA Increment – Senate Bill 259 authorized salary increments for the classified and partially-exempt state employees of the executive service not covered by collective-bargaining agreements. This legislation covers AHFC and its subsidiaries, including the Alaska Corporation for Affordable Housing (AHFC). The Corporation received funding increments necessary to implement the salary increases in FY2025. However, FY2026 includes an additional 3.0% cost of living increment and additional budget totaling \$9,321 is necessary.

Current ACAH FY2025 Funding Authority	\$512,600
Proposed ACAH FY2026 Funding Authority	\$521,921



Alaska Corporation for Affordable Housing FY2026 Operating Budget Request Summary

Budget Category	FY2025 Management Plan	FY2026 Request	
		Inc/Dec	Total
Budget Category	\$512,600	\$9,321	\$521,921
Capital Outlay	15,000	-	15,000
Commodities	14,800	-	14,800
Grants	0	-	-
Land/Buildings	0	-	-
Miscellaneous	0	-	-
Personal Services	310,700	9,321	320,021
Services	147,300	-	147,300
Travel	24,800	-	24,800
Funding Receipts	\$512,600	\$9,321	\$521,921
AHFC Corporate	0	-	-
CIP	184,900	5,547	190,447
Federal HUD	327,700	3,774	331,474
I/A Authority	0	-	-
MHTAAR	0	-	-
Unrestricted General Fund	0	-	-
Position Count	2	0	2
Full-Time PCN	2	0	2
Part-Time PCN	0	0	0
Seasonal PCN	0	0	0



FY2026 Alaska Corporation for Affordable Housing Capital Projects & Program Synopsis

The Capital Budget is a plan for the distribution of Alaska Housing Finance Corporation's financial resources for items that have an anticipated life exceeding one year and a cost exceeding \$25,000. Unlike the operating budget that generally lapses funds at the end of one year, capital budget appropriations lapse only if funds remain after the project is completed and/or if funds are lapsed administratively or legislatively, usually after five or more years.

AHFC's capital budget development starts in July. Departments submit their requests to the Budget department. Under the direction of the Executive Office, the Budget department prioritizes requests and generates the *AHFC Capital Budget Proposal*. The AHFC Board of Directors reviews and approves the *AHFC Capital Budget Proposal*. AHFC's CEO/executive director then submits the approved budget to the Office of Management and Budget for consideration in the Governor's Capital Budget Proposal.

The FY2025 AHFC Capital Budget, recommended for inclusion in the Governor's budget submission to the Legislature, contains one capital item request for the Alaska Corporation for Affordable Housing:

1. **Affordable Housing Development Program – \$11,000,000**, in federal receipt authority for development of affordable housing units through the Alaska Corporation for Affordable Housing.