

Alaska Housing Capital Corporation

a component unit of the State of Alaska

Financial Statements

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 - 5
	BASIC FINANCIAL STATEMENTS:	
A	Governmental Funds Balance Sheet / Statement of Net Position	6
B	Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances / Statement of Activities	7
	Notes to Financial Statements	8 - 10



Independent Auditor's Report

To the Board of Directors
Alaska Housing Capital Corporation
Anchorage, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Alaska Housing Capital Corporation (the Corporation) a blended component unit of the State of Alaska, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Corporation, as of June 30, 2024, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, 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 on pages 3 through 4 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Boise, Idaho
October 15, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is an overview and analysis of the financial activities of Alaska Housing Capital Corporation (the "Corporation") for the fiscal year ended June 30, 2024. This information should be read in conjunction with the Independent Auditor's Report, financial statements and accompanying notes. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The Corporation is a component unit of the State of Alaska (the "State") and is presented as a blended component of the general fund in the State's financial statements.

FINANCIAL HIGHLIGHTS

- During the fiscal year ended June 30, 2024, \$792,000 was paid for fiscal year 2024 expenses. An additional \$4,000 of fiscal year 2024 expenses were accrued.
- In fiscal year 2019, the Corporation advanced \$9,761,000 to the Alaska Housing Finance Corporation ("AHFC") for major maintenance of AHFC's affordable housing portfolio. As of June 30, 2024, \$1,197,000 of the advance remained unspent by AHFC.
- As of June 30, 2024, the Corporation's net position decreased by \$679,000 due to expenses exceeding investment interest of \$113,000

CONDENSED FINANCIAL INFORMATION

	2024	2023	Increase (Decrease)
Total assets	\$ 3,242	\$ 4,067	\$ (825)
Total liabilities	4	150	(146)
Total net position	3,238	3,917	(679)
Total revenues	113	88	25
Total expenses	792	1,939	(1,147)
Change in net position	(679)	(1,851)	1,172
Beginning net position	3,917	5,768	(1,851)
Ending net position	\$ 3,238	\$ 3,917	\$ (679)

OVERVIEW OF THE FINANCIAL STATEMENTS

The Corporation's annual financial statements consist of two parts: Management's Discussion and Analysis and the Basic Financial Statements. The financial statements are intended to facilitate and enhance the understanding of the Corporation's financial position and results of operations for the current year. The Basic Financial Statements include Government-wide Presentation, Governmental Fund Presentation and Notes to Financial Statements.

The government-wide financial statements of the Corporation, which include the *Statement of Net Position* (Exhibit A) and the *Statement of Activities* (Exhibit B), display information about the Corporation as a whole, using the economic resources measurement focus and 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The governmental fund financial statements of the Corporation, which include the *Governmental Funds Balance Sheet* (Exhibit A), and the *Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances* (Exhibit B) are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period and expenditures are recorded when a liability is incurred.

There are no reconciling differences between the government-wide and governmental fund financial statements.

The *Statement of Net Position / Governmental Fund Balance Sheet* (Exhibit A) answers the question, "How is the Corporation's financial health at the end of the year?" This statement includes all assets and liabilities. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Activities / Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance* (Exhibit B) accounts for all of the revenues and expenses. This statement measures the success of the Corporation's operations over the past year and can be used to determine whether the Corporation has successfully recovered all of its costs through its revenue sources. This statement helps answer the question "Is the Corporation as a whole better off or worse off as a result of the year's activities?"

The *Notes to Financial Statements* provide additional information that is essential to obtain a full understanding of the data provided in the government-wide financial statements.

GENERAL FUND

The general fund is the operating fund of the Corporation and represents all of the Corporation's activities.

CONTACTING ALASKA HOUSING CAPITAL CORPORATION'S FINANCIAL MANAGEMENT

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

ALASKA HOUSING CAPITAL CORPORATION**EXHIBIT A**

(A Component Unit of the State of Alaska)

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

June 30, 2024

(in thousands of dollars)

	General Fund	Statement of Net Position Total
ASSETS		
Investments	\$ 1,971	\$ 1,971
Interest receivable	9	9
Due from Department of Corrections	5	5
Prepaid expenses	1,257	1,257
Total Assets	<u>3,242</u>	<u>3,242</u>
LIABILITIES		
Due to State of Alaska	4	4
Total Liabilities	<u>4</u>	<u>4</u>
FUND BALANCES		
Fund balances:		
Nonspendable - Prepaids	1,257	
Committed to State Library and Archives	22	
Committed to Department of Corrections	402	
Committed to Department of Transportation	263	
Unassigned	1,294	
Total Fund Balances	<u>3,238</u>	
Total Liabilities and Fund Balances	<u>\$ 3,242</u>	
NET POSITION		
Unrestricted		3,238
Total Net Position		<u>\$ 3,238</u>

See accompanying notes to the financial statements.

ALASKA HOUSING CAPITAL CORPORATION**EXHIBIT B**

(A Component Unit of the State of Alaska)

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES /
STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2024

(in thousands of dollars)

	General Fund	Statement of Activities
GENERAL REVENUES		
Investment interest	\$ 113	\$ 113
Total revenues	<u>113</u>	<u>113</u>
EXPENDITURES/EXPENSES		
UAA Engineering Building project	48	48
State Library and Archives project	168	168
Department of Corrections projects	(5)	(5)
Department of Transportation projects	195	195
Alaska Housing Finance Corporation projects	<u>386</u>	<u>386</u>
Total expenditures/expenses	<u>792</u>	<u>792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(679)</u>	<u>(679)</u>
Net change in fund balances	(679)	
Change in net position		(679)
FUND BALANCES and NET POSITION		
Beginning of year	3,917	3,917
End of year	<u>\$ 3,238</u>	<u>\$ 3,238</u>

See accompanying notes to the financial statements.

FOOTNOTE INDEX

NOTE	DESCRIPTION	PAGE
A	Alaska Housing Capital Corporation	9
B	Summary of Significant Accounting Policies	9
C	Assets, Fund Balances, and Net Position	9
D	Investments	10
E	Due to State	10

Notes to Financial Statements

FOR THE YEAR ENDED JUNE 30, 2024

NOTE A: ALASKA HOUSING CAPITAL CORPORATION

The Alaska Housing Capital Corporation (the "Corporation") is a non-profit corporation. It was incorporated on May 23, 2006, under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Statutes creating the Alaska Housing Capital Corporation (AS18.56), as amended. The Corporation was formed as an affiliate of Alaska Housing Finance Corporation ("AHFC") in accordance with the Legislature's intent. The Corporation is legally independent and separate from AHFC, and there is no financial accountability between the Corporation and AHFC.

The Board of Directors of the Corporation is comprised of the Commissioners of the Alaska Departments of Revenue; Health; and Commerce, Community & Economic Development, or their designees, and four independent members of the public. The Corporation is a government instrumentality of the State but has legal existence independent of and separate from the State. The Corporation is a component unit of the State of Alaska (the "State") and is presented as a component of the State's financial statements.

The Corporation was formed for the purpose set forth in AS 18.56.086 identified as financing various capital projects of the State of Alaska and financing expenses via enacted legislative action. The State of Alaska can add or withdraw funds through future legislative action.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's annual financial statements include a Management's Discussion and Analysis (MD&A) section and basic financial statements. The basic financial statements include a Governmental Funds Balance Sheet / Statement of Net Position, a Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances / Statement of Activities, and Notes to Financial Statements.

The Statement of Net Position and the Statement of Activities report information on all of the activities of the Corporation. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are provided for governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Corporation considers revenues to be available if collected within 60 days of fiscal year end. Expenditures generally are recorded when a liability is incurred.

There are no reconciling differences between the government-wide and governmental-fund financial statements.

NOTE C: ASSETS, FUND BALANCES, AND NET POSITION

Investments

All investments are stated at fair value and are invested in the State of Alaska's internally managed investment pool.

Notes to Financial Statements

Fund Balances and Net Position

The Corporation's financial resources are used for the specific purpose established when it was incorporated, that of financing various Alaskan capital projects. Once resources designated by the legislature are received, amounts are further appropriated by the legislature for specific projects, with the remainder unassigned for future needs. To identify the constraints on the funding, the General Fund has fund balance categories of Nonspendable (items not convertible to cash, i.e., prepaid expenses of appropriations already distributed to recipients), Committed (appropriations yet to be distributed to recipients), and the remainder is Unassigned until a project is decided with further legislation. Net position is separated into restricted and unrestricted. There is no formal policy for the order in which the Corporation spends restricted, committed, and unassigned funds.

NOTE D: INVESTMENTS

The Alaska State Department of Revenue, Treasury Division (the "Treasury") has created a pooled environment by which it manages the investments under the fiduciary oversight of the Commissioner. Actual investing is performed by investment officers in the Treasury or by contracted external investment managers. The Corporation invests in the State's General Fund and Other Non-Segregated Investments Pool ("GeFONSI"), which is itself invested in the State's internally managed Short-term Fixed Income Pool, the Short-term Liquidity Fixed Income Pool and the Intermediate-term Fixed Income Pool. The complete financial activity of the fund is shown in the Annual Comprehensive Financial Report "ACFR" available from the Department of Administration, Division of Finance.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service.

GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to pool participants daily on a pro rata basis.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk see the separately issued report on the Invested Assets of the Commissioner of Revenue at:<http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx>

At June 30, 2024, the Corporation's share of pool investments was as follows (in thousands):

<u>State of Alaska Investment Pool</u>	<u>June 30, 2024</u>
Short-Term Fixed Income Pool	\$ 1,971
Total	<u>\$ 1,971</u>

Concentration of Credit Risk

The Treasury's policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool's holdings in corporate bonds of any one company or affiliated group.

At June 30, 2024, the fund did not have more than five percent of its investments in any one company or affiliated group.

NOTE E: DUE TO STATE

Expenses totaling \$4,000 were incurred in fiscal year 2024, but paid in fiscal year 2025. The expenses are accrued as additional fiscal year 2024 expenses, and as a liability due to the State on the Corporation's Statement of Net Position and Governmental Funds Balance Sheet.