



Alaska Sustainable Energy Corporation

(A component unit of the State of Alaska)

Financial Statements

And Independent Auditor's Report

June 30, 2025

TABLE OF CONTENTS

Exhibits		Page Number
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis (MD&A)	4-5
	Basic Financial Statements	6-8
A	Statement of Net Position	6
B	Statement of Revenues, Expenses, and Changes in Net Position	7
C	Statement of Cashflows	8
	Note Disclosures to Financial Statements	9-10



Independent Auditor's Report

To the Board of Directors
Alaska Sustainable Energy 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 Sustainable Energy Corporation (the Corporation) a blended component unit of the State of Alaska, as of and for the year ended June 30, 2025, 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, 2025, 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 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 the 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 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.

Eide Bailly LLP

Boise, Idaho
October 30, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

This discussion and analysis is an overview and analysis of the financial activities of Alaska Sustainable Energy Corporation (the “Corporation”) for the eight month period from inception ended June 30, 2025. 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 governmental fund of the State of Alaska (the “State”).

FINANCIAL HIGHLIGHTS

- The Corporation was incorporated on November 5, 2024
- During the fiscal year ended June 30, 2025, \$450,000 was received from the State for funding the Corporation’s operation.
- As of June 30, 2025, \$208,000 total expenditures were incurred by the Corporation.

CONDENSED FINANCIAL INFORMATION

	<u>2025</u>
Total Assets	\$ 306
Total Liabilities	<u>304</u>
Total Net Position	<u>\$ 2</u>
Total Revenues	\$ 210
Total Expenses	<u>208</u>
Change in Net Position	2
Beginning Net Position	<u>-</u>
Ending Net Position	<u>\$ 2</u>

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.

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 SUSTAINABLE ENERGY CORPORATION'S FINANCIAL MANAGEMENT

For inquiries about this report or to request additional financial information please call (907) 330-8270 or email mlucas-conwell@aksustainableenergycorp.us.

ALASKA SUSTAINABLE ENERGY CORPORATION**EXHIBIT A**

(A Component Unit of the State of Alaska)

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

As of 6/30/2025

(in thousands of dollars)

	<u>General Fund</u>	<u>Statement of Net Position Total</u>
ASSETS		
Cash	\$ 306	\$ 306
Total Assets	<u>306</u>	<u>306</u>
LIABILITIES		
Unearned Program Revenue	242	242
Due to Alaska Housing Finance Corporation	62	62
Total Liabilities	<u>304</u>	<u>304</u>
FUND BALANCES		
Fund balances:		
Restricted	<u>2</u>	
Total Fund Balances	<u>2</u>	
Total Liabilities and Fund Balances	<u>\$ 306</u>	
NET POSITION		
Restricted		<u>2</u>
Total Net Position		<u>\$ 2</u>

See accompanying notes to the financial statements.

ALASKA SUSTAINABLE ENERGY 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

From Inception, Period from November 5, 2024 to June 30, 2025

(in thousands of dollars)

	General Fund	Statement of Activities
REVENUES		
Program Revenues from the State of Alaska	\$ 208	\$ 208
Interest Income	2	2
Total revenues	<u>210</u>	<u>210</u>
EXPENDITURES/EXPENSES		
Contractual Services	84	84
Personnel	118	118
Travel	3	3
Supplies	3	3
Total expenditures/expenses	<u>208</u>	<u>208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2</u>	<u>2</u>
Net change in fund balances	2	
Change in net position		2
FUND BALANCES and NET POSITION		
Beginning of year	-	-
End of year	<u>\$ 2</u>	<u>\$ 2</u>

See accompanying notes to the financial statements.

ALASKA SUSTAINABLE ENERGY CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

From Inception, Period from November 5, 2024 to June 30, 2025

*(in thousands of dollars)****Exhibit C***

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating receipts	\$ 452
Operating disbursements	(146)
Net cash provided by (used for) operating activities	<u>306</u>
Net Increase (decrease) in cash	306
Cash at the beginning of year	<u>-</u>
Cash at the end of period	<u><u>\$ 306</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 2
<i>Adjustments:</i>	
Increase in Unearned Program Revenue	242
Increase in Due to AHFC	<u>62</u>
Net cash provided by (used for) operating activities	<u><u>\$ 306</u></u>

See accompanying notes to the financial statements.

Notes to Financial Statements

FOR THE EIGHT MONTHS ENDED JUNE 30, 2025

NOTE A: ALASKA SUSTAINABLE ENERGY CORPORATION

The Alaska Sustainable Energy Corporation (the "Corporation") is a non-profit corporation. It was incorporated on November 5, 2024, under the Alaska Nonprofit Corporation Act and provisions of the Alaska Statutes creating the Alaska Housing Finance Corporation, as amended. The Corporation was formed as an affiliate of Alaska Housing Finance Corporation ("AHFC") pursuant to House Bill No. 273 of the 2024 Legislature. 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 and AHFC are one and the same. The Corporation is a government instrumentality of the State of Alaska ("the State"), but has legal existence independent of and separate from the State. The Corporation is a component unit of the State and is presented as a component of the State's financial statements.

The Corporation was formed for the purpose set forth in amended AS 18.56.086(a) identified as financing or facilitating the financing of sustainable energy development in the State or delivering energy to the State.

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. Expenditures generally are recorded when a liability is incurred.

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

Notes to Financial Statements

NOTE C: ASSETS, FUND BALANCES, AND NET POSITION

Cash

Cash consists of demand deposits. The carrying amount of the Corporation's cash is restricted by contractual and statutory agreements. As of June 30, 2025, the Corporation's bank balance of \$306,000 were insured and collateralized with securities held by the pledging financial institution's trust department or agent.

Fund Balances and Net Position

The Corporation's financial resources are used for the specific purpose established when it was incorporated, that of financing or facilitating the financing of sustainable energy development or delivering energy to the State. To identify the constraints on the funding, the General Fund has fund balance categories of Non spendable or Restricted (items not available for spending until legislation approval), 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: DUE TO ALASKA HOUSING FINANCE CORPORATION

The Corporation utilizes AHFC's cash disbursement system to pay for costs incurred. As a result, the outstanding balance is the net result of payments made by AHFC to vendors on behalf of the Corporation.