



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

NOVEMBER 30, 2016 – 9:15 A.M.
ANCHORAGE

- I. ROLL CALL**
- II. APPROVAL OF AGENDA**
- III. APPROVAL OF MINUTES: NOVEMBER 23, 2015**
 NEXT RESOLUTION: 2016-01
- IV. PUBLIC COMMENTS**
- V. OLD BUSINESS**
- VI. NEW BUSINESS**
 - A. Board Member Oath of Office and Conflict of Interest Statement.**
 - B. ELECTION OF OFFICERS:**

 Board Chair,
 Vice Chair,
 President,
 Vice President,
 Secretary and Treasurer.
 - C. Resolution Accepting Annual Report of Financial Conditions.**
 - D. Resolution Approving the submission of FY 2018 Proposed Budget.**
 - E. Resolution Approving the Change of Registered Agent**
 - F. Activity Update.**
- VII. ANY OTHER MATTERS TO COME BEFORE THE BOARD.**

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

**ALASKA CORPORATION FOR AFFORDABLE HOUSING
ANNUAL BOARD OF DIRECTORS MEETING**

November 23, 2015

9:00 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 November 23, 2015 commencing at 9:00 a.m.:

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

BRENT LEVALLEY
Anchorage

CHAIR
Member of the Board

CAROL GORE
Anchorage

Member of the Board

MARTY SHURAVLOFF
Anchorage

Member of the Board

ALAN WILSON
Via Conference Call

Member of the Board

JERRY BURNETT
Anchorage

Commissioner
Department of Revenue
Member of the Board

TARA HORTON
Via Conference Call

Designee for Commissioner
Department of Health
& Social Services
Member of the Board

CHRIS HLADICK
Via Conference Call

Commissioner
Department of Commerce,
Community & Economic
Development
Member of the Board

- I. **ROLL CALL.** A quorum was declared present and the meeting was duly and properly convened for the transaction of business.
- II. **APPROVAL OF AGENDA.** ACTING CHAIR LEVALLEY asked for approval of the agenda.

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Seeing and hearing no objections, the agenda was approved as presented.

III. MINUTES: MINUTES OF JULY 23, 2014. ACTING CHAIR LEVALLEY asked for revisions or acceptance of the minutes. MARTY SHURAVLOFF made a motion for approval. CAROL GORE seconded the motion. Seeing and hearing no objection, the minutes were approved as presented.

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

V. NEW BUSINESS:

A. ELECTION OF OFFICERS. ACTING CHAIR LEVALLEY read the item into record. ACTING CHAIR LEVALLEY opened the floor up for nominations for Board Chair, President, Vice President, Secretary and Treasurer. CAROL GORE nominated: Board Chair – Brent LeValley, Vice Chair – Marty Shuravloff, President – Bryan Butcher, Vice President – Catherine Stone, Secretary and Treasurer – Marty Shuravloff. Discussion followed. The nominations were unanimously approved by roll call vote. (7-0)

B. RESOLUTION ACCEPTING ANNUAL REPORT OF FINANCIAL CONDITIONS. PRESIDENT BRYAN BUTCHER read the item into record and CATHY STONE presented the item. Ms. Stone stated that 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 status as an instrumentality of the Alaska Housing Finance Corporation (AHFC), the state public housing authority. 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 the 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 October 14, 2015. This annual report covers fiscal year 2015 and is attached to this memo. Discussion followed. MARTY SHURAVLOFF made a motion to accept resolution 15-01 as presented. CAROL GORE seconded the motion. The resolution was unanimously approved. (7-0)

RESOLUTION 2015-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE ALASKA CORPORATION FOR AFFRODABLE
HOUSING ACCEPTING THE ANNUAL STATEMENT
OF FINANCIAL CONDITIONS FOR FISCAL YEAR
2013.**

ACAH Annual Board Meeting Minutes

November 23, 2015

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C. RESOLUTION APPROVING THE SUBMISSION OF FY 2017 PROPOSED BUDGET. PRESIDENT BRYAN BUTCHER read the item into record and CATHY STONE presented the item. Ms. Stone 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 the AHFC, ACAH's administrative functions are performed by AHFC through a shared services agreement. At the October 28, 2015 meeting of the AHFC Board the FY 2017 operating budget was reviewed. Upon advice of Counsel, a formal budget authorization request should be reviewed and approved by the ACAH Board of Directors. Approval of this resolution would authorize 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. Ms. Stone gave an overview of the 2017 proposed budget. Discussion followed. MARTY SHURAVLOFF made a motion to accept resolution 15-02 as presented. CAROL GORE seconded the motion. The resolution was unanimously approved. (7-0)

RESOLUTION 2015-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA CORPORATION FOR AFFORDABLE HOUSING APPROVING THE SUBMISSION OF THE FY2017 OPERATING BUDGET THROUGH THE DEPARTMENT OF REVENUE TO THE GOVERNOR'S OFFICE FOR SUBMITTAL TO THE STATE LEGISLATURE.

D. ACTIVITY UPDATE. PRESIDENT BRYAN BUTCHER read the item into record and CATHY STONE presented. Ms. Stone gave an update on the progress of the two project developments to the Board. Discussion followed. No action was requested or required of the Board.

VI. ANY OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD. CHAIR LEVALLEY asked if there were any other matters to come before the Board. Seeing and hearing no objections, the meeting was adjourned at 9:10 a.m.

ATTESTED:

Brent LeValley
Board Chair

Item A

Board Member Oath of Office and Conflict of Interest Statement.

This item has not content



MEMORANDUM

DATE: November 30, 2016
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 *Annual Meetings* of the bylaws require annual elections of officers of the Corporation. The current officer positions are:

Chair
Vice Chair
President
Vice President
Secretary/Treasurer

Historically, the Vice Chair also serves as the Secretary/Treasurer.

Recommendation and requested action:

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



MEMORANDUM

DATE: November 30, 2016

TO: ACAH Board Members

FROM: Staff

RE: RESOLUTION OF THE BOARD OF DIRECTORS ACCEPTING THE ANNUAL REPORT 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.

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 the 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 November 10, 2016. This annual report covers fiscal year 2016 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 2016-1.



RESOLUTION No. 2016-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA CORPORATION FOR AFFRODABLE HOUSING ACCEPTING THE ANNUAL STATEMENT OF FINANCIAL CONDITIONS FOR FISCAL YEAR 2016

WHEREAS, Section 10 *Annual Meeting* 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 November 10, 2016, 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 2016 financial statements for the Corporation, prepared by BDO USA, LLP, dated November 10, 2016 as fulfillment of the requirements of Section 10 of the Bylaws.

This Resolution shall take effect immediately.

Dated this 30th day of November 2016

Board Chair



MEMORANDUM

DATE: November 30, 2016
TO: Board of Directors
FROM: Staff
RE: FY 2018 Budget Request

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 the AHFC, ACAH's administrative functions are performed by AHFC through a shared services agreement. At the October 26, 2016 meeting of the AHFC Board the FY 2018 operating budget was reviewed. Upon advice of Counsel, a formal budget authorization request should be reviewed and approved by the ACAH Board of Directors.

Recommendation and requested action:

Review and approval of the FY2018 ACAH operating budget request to the Alaska Department of Revenue, the Governor of Alaska, and the Alaska State Legislature.

Alaska Corporation for Affordable Housing, a
component unit of the Alaska Housing Finance
Corporation

AUDIT WRAP-UP

Year Ended June 30, 2016



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., the Board) and, if appropriate, management of the Corporation and is not intended and should not be used by anyone other than these specified parties.

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November 10, 2016

The 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 **June 29, 2016** we presented an overview of our plan for the audit of the financial statements of **Alaska Corporation for Affordable Housing** (the Corporation) as of and for the year ended **June 30, 2016**, 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 the Corporation'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 the Corporation and look forward to meeting with you on **November 30, 2016** 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, 2016. 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 have issued unmodified opinions on the financial statements and released our report on **November 10, 2016**.
- All records and information requested by BDO were available for our inspection.
- Management's cooperation was excellent. We received access to all information that we requested while performing our audit, and we acknowledge the cooperation extended to us by all levels of Corporation personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND SIGNIFICANT UNUSUAL TRANSACTIONS

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

The Corporation'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.

- A summary of recently issued accounting pronouncements is included in Note 2 to the Corporation's financial statements.
- The Corporation did not adopted any new GASB pronouncements in 2016 that had a significant effect on its financial statements.
- There were no other changes in significant accounting policies and practices during 2016.

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. The Corporation's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed below:

Significant accounting estimates include:

No significant estimates noted

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2016.
- We did not identify any significant or unusual transactions, or any transactions for which there was a lack of authoritative guidance.

Results of Our Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

There were no corrected misstatements related to accounts and/or disclosures that we presented to management.

QUALITY OF THE CORPORATION'S FINANCIAL REPORTING

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

- Qualitative aspects of significant accounting policies and practices
- Our conclusions regarding significant accounting estimates
- Significant unusual transactions
- Financial statement presentation
- New accounting pronouncements
- Alternative accounting treatments

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation’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 the Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation’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 the Corporation’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 Corporation’s financial statements will not be prevented, or detected and corrected on a timely basis.

We did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses.

Other Required Communications

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

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 the Corporation's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, 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.
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.
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 the Corporation's financial statements or to our auditor's report, that were not satisfactorily resolved.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Representations requested from management	Please refer to the attached management representation letter.

Independence Communication

Our engagement letter to you dated **May 16, 2016** 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 the Corporation with respect to independence as agreed to by the Corporation. Please refer to that letter for further information.

BDO Board Reflections and Ac'sense Programs

The **BDO Board Reflections** resource center is developed with Board members in mind. Understanding the roles, responsibilities, and risks associated with each committee, BDO routinely provides guidance to Directors as they navigate through ever changing challenges in today's corporate climate. BDO's proprietary studies, publications, practice aids, and educational programs help fuel conversations among those charged with corporate governance - who are making the tough decisions. BDO's thought-provoking resources are tailored to help keep Board members ahead of the trends while meeting compliance obligations. For a comprehensive listing of such resources, visit <http://www.bdo.com/board>.

In line with the board resource center is **Ac'senseSM**, BDO's program designed to assist both those charged with governance (including Audit Committees and Boards of Directors) as well as financial executives of both public and private companies in keeping up to date on the latest corporate governance and financial reporting developments.

The program is multi-faceted and consists of complimentary CPE-worthy webinars and self-study courses covering both broad and specific topics of interest, publications, and links to various BDO and external resources. Visit <http://www.bdo.com/acsense/>.

AC'SENSESM WEBINARS

Our webinar programs are presented by our firm technical experts and comprise both short-form and longer-form webinars on a variety of "hot" topics of interest, such as "Compensation Risk," "Fair Value Matters," "Business Combinations," "Applying New Revenue Recognition Rules," "Ethics and the Corporate Board," and many others. In addition, we host several series including our "Quarterly Technical Updates" and "International Financial Reporting Standards" on financial accounting and reporting matters as well as "Focus on Fraud."

Our webinars are complimentary and are generally applicable for Audit Committees, Board members, management, finance and compliance professionals of both public and private companies. In addition, most webinars and archives are worthy of Continuing Professional Education (CPE) credit. Please visit our website <http://www.bdo.com/acsense/> for further information on upcoming and archived webinars.

EFFECTIVE AUDIT COMMITTEES IN THE EVER CHANGING MARKETPLACE

The focus of BDO's governance initiatives is to provide those charged with governance with essential, relevant information through clear and concise executive summary-type communications. In this spirit, we have created the [*Effective Audit Committees in the Ever Changing Marketplace*](#) publication as a practical guide to forming and running an effective Audit Committee. Within this publication, we provide answers to certain frequently asked questions (FAQs) centering on the WHYs, WHOs, WHATs, WHENs, and HOWs of Audit Committees. More specifically, these FAQs summarize the common functions and responsibilities of Audit Committees and seek to provide insights and perspective as to how to optimize Audit Committee effectiveness. Our vision has been shaped by our own experiences with our clients and interpretations of the specific recommendations, guidelines and rules of the SEC; the stock exchanges; the Public Company Accounting Oversight Board (PCAOB); the American Institute of Certified Public Accountants (AICPA); and the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees, sponsored by the New York Stock Exchange and the National Association of Securities Dealers.

Throughout this publication, we focus on some of the more challenging aspects facing Audit Committees. To that end, in addition to our commentary, we have included links and references to other relevant BDO practice aids and tools as well as certain valuable external resources. The guide and practices aids are available at <http://www.bdo.com/acsense/effective.aspx>.

BDO Resources

BDO is a national professional services firm providing assurance, tax, financial advisory, and consulting services to a wide range of publicly traded and privately held companies. Guided by core values including competence, honesty and integrity, professionalism, dedication, responsibility, and accountability for 100 years, we have provided quality service and leadership through the active involvement of our most experienced and committed professionals.

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Below is a summary of just some of the many resources BDO makes available at no additional charge to our clients. To subscribe to BDO publications, please use our RSS (Really Simple Syndication) Feeds or complete registration at BDO's Subscription Center at <https://subscriptions.bdo.com/>.

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Our *BDO Knows* financial reporting newsletters address significant financial reporting developments, relating to both public and private businesses, that occur throughout the year. In addition, our Flash reports are intended to highlight certain financial reporting developments in a timely and brief "flash" format.

TAX ALERTS AND NEWSLETTERS

BDO's National Tax Organization (NTO) provides a multitude of alerts and newsletters spanning considerations involving expatriate, federal, state, and local jurisdictions and includes such areas as compensation and benefits, and credits and incentives. NTO further provides Tax Seminars/Webinars on a variety of topics, whose archives are readily available to clients and contacts.

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BDO's industry publications are numerous and span the sectors of government, technology, finance, insurance, healthcare, retail and consumer products, not-for-profit and real estate, among many others.

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Alaska Corporation for Affordable Housing

(A component unit of Alaska Housing Finance Corporation)

Financial Statement

And Independent Auditor's Report

June 30, 2016

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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, 2016, 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 opinions 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 opinions.



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, 2016, 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

November 10, 2016
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, 2016. 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 2016, the Corporation had total assets of \$32,316,247 and total liabilities of \$7,285,200.
- For the twelve months ended June 30, 2016, the Corporation had an operating income of \$10,598,827.
- In June 2016, the Corporation received payment in full for its \$1.0 million loan to ANC MV Phase I Limited Partnership for bridge financing on the Susitna Square project.
- During the year ended June 30, 2016, the Corporation received grant revenue from AHFC in the amount of \$10,818,649.

CONDENSED STATEMENT OF NET POSITION

The following table presents information about the financial position of the Corporation as of June 30, 2016 and 2015, and changes in the balances thereof during the fiscal year ended June 30, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	2016	2015	Increase (Decrease)
Cash	\$ 7,270,290	\$ 1,467,351	\$ 5,802,939
Construction notes receivable	17,185,042	7,836,072	9,348,970
Capital assets	6,026,828	6,366,698	(339,870)
Other assets	438,387	2,974	435,413
Total assets	30,920,547	15,673,095	15,247,452
Accounts Payable	1,720	5,267	(3,547)
Due to AHFC	5,858,566	1,299,735	4,558,831
Note Payable to AHFC	1,424,914	1,424,914	-
Total liabilities	7,285,200	2,729,916	4,555,284
Total net position	\$ 23,635,347	\$ 12,943,179	\$ 10,692,168

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, 2016 and 2015 and the change between those fiscal years.

	2016	2015	Increase (Decrease)
Grant proceeds	\$ 10,818,649	\$ 6,434,005	\$ 4,384,644
Rental revenue	215,973	30,620	185,353
Other revenue	101,399	3,732	97,667
Total revenue	11,136,021	6,468,357	4,667,664
Operations and administration	53,002	164,913	(111,911)
Rental expenses	14,514	6,624	7,890
Provision for loan loss	469,678	579,060	(109,382)
Total expenses	537,194	750,597	(213,403)
Operating income (loss)	10,598,827	5,717,760	4,881,067
Capital contributions	93,341	2,896,880	(2,803,539)
Prior period adjustment	-	1,981,127	(1,981,127)
Change in net position	\$ 10,692,168	\$ 10,595,767	\$ 96,401

During fiscal year 2016, the Corporation received capital contributions from Alaska Housing Finance Corporation (AHFC) in the amount of \$93,341 of lease revenue for the land at Loussac Place.

CAPITAL ASSETS

The property at 1015 Evergreen Street in Fairbanks, Alaska was put up for sale in fiscal year 2016, so was removed from capital assets and is now reported as property held for resale.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, largely in Anchorage, is aging and its renovation and replacement needs are part of the future considerations for the Corporation.

In the coming year, the Corporation will be looking at additional 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 in other communities that have housing needs.

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, 2016
(in dollars)

Exhibit A

ASSETS	
Cash	\$ 7,270,290
Construction notes receivable	17,185,042
Capital assets - non-depreciable	5,125,223
Capital assets - depreciable	901,605
Land Held for Resale	309,283
Investment in LLC	1,024
Accrued interest	48,073
Accounts receivable	80,007
Total Assets	<u>30,920,547</u>
LIABILITIES	
Note payable to AHFC	1,424,914
Accounts payable	1,720
Due to AHFC	5,858,566
Total Liabilities	<u>7,285,200</u>
NET POSITION	
Net investment in capital assets	6,026,828
Unrestricted or (deficit)	17,608,519
Total Net Position	<u>\$ 23,635,347</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, 2016
(in dollars)

Exhibit B

OPERATING REVENUES

Grant proceeds	\$ 10,818,649
Investment dwelling income	215,973
Other	53,326
Construction loan interest	48,073
Total Operating Revenue	<u>11,136,021</u>

OPERATING EXPENSES

Operations and administration	53,002
Rental expenses	14,514
Provision for loan loss	469,678
Total Operating Expense	<u>537,194</u>

Operating Income (Loss) 10,598,827

Capital contribution - CASH 93,341

Capital contribution - CAPITAL ASSETS -

Change in Net Position 10,692,168

Net position at beginning of year 12,943,179

Net Position at End of Period \$ 23,635,347

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, 2016
(in dollars)

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES	
Grant receipts	\$ 10,818,649
Rental income	138,940
Payments for services	(6,461)
Other operating receipts	49,280
Other operating disbursements	(200)
Net cash provided by (used for) operating activities	<u>11,000,208</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to AHFC	(1,075,085)
Contribution from AHFC	93,341
Payments from AHFC	5,600,000
Net cash provided by (used for) noncapital financing activities	<u>4,618,256</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Construction loan draws	(10,818,649)
Construction loan paydown	1,000,000
Net cash provided by (used for) capital financing activities	<u>(9,818,649)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from checking account	4,047
Investment in LLC	(923)
Net cash provided by (used for) investing activities	<u>3,124</u>
Net Increase (decrease) in cash	5,802,939
Cash at the beginning of year	1,467,351
Cash at the end of period	<u>\$ 7,270,290</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 10,598,827
<i>Adjustments:</i>	
Depreciation expense	30,587
Provision for loan loss	469,678
Bank interest received	(4,047)
Changes in assets and liabilities:	(94,837)
Net cash provided by (used for) operating activities	<u>\$ 11,000,208</u>
Noncash investing, capital and financing activities:	
Land Contribution from AHFC	-
Building Contribution from AHFC	-

See accompanying notes to the financial statements.

Notes to Financial Statements

FOOTNOTE INDEX

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

FOR THE YEAR ENDED JUNE 30, 2016

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.

ALASKA CORPORATION FOR AFFORDABLE HOUSING*a component unit of Alaska Housing Finance Corporation*

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. As of June 30, 2016, the Corporation's bank balance was \$7,270,290.

4 CAPITAL ASSETS

Capital asset activity and a summary of balances for the year ended June 30, 2016, are shown below:

	June 30, 2015	Additions	Reductions	June 30, 2016
Non-Depreciable Capital Assets:				
Land	\$ 5,027,899	\$ 133,540	\$ (36,216)	\$ 5,125,223
Construction in Progress	133,540	-	(133,540)	-
Total Non-Depreciable Capital Assets	<u>5,161,439</u>	<u>133,540</u>	<u>(169,756)</u>	<u>5,125,223</u>
Depreciable Capital Assets:				
Buildings	1,242,535	-	(273,068)	969,467
Less Accumulated Depreciation	<u>(37,276)</u>	<u>10,923</u>	<u>(41,509)</u>	<u>(67,862)</u>
Net Depreciable Assets	<u>1,205,259</u>	<u>10,923</u>	<u>(314,577)</u>	<u>901,605</u>
Total All Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,366,698</u>	<u>\$ 144,463</u>	<u>\$ (484,333)</u>	<u>\$ 6,026,828</u>

The cost of land includes demolition and survey costs incurred to prepare the land for the start of construction. A Fairbanks property with a value of \$309,283, (\$273,067 for the building and \$36,216 for the land) was reclassified from a Capital Asset to Land Held for Sale.

5 NOTES RECEIVABLE

As of June 30, 2016, 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.

Two notes (the secondary loans) mature on October 22, 2044. The loan agreement amount for Ridgeline Terrace is \$11,473,598 and for Susitna Ridge is \$2,682,689. Interest began accruing at 1.00% per annum on the completion date of each project which was February 1, 2016 for Ridgeline and October 1, 2015 for Susitna. Interest and principal are due 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.

The third remaining note for Ridgeline Terrace also known as the Bridge Loan matures on October 22, 2017. This note does not accrue interest. The note is secured by a Leasehold Deed of Trust and an Assignment of Leases and Rents of the project. No principal is due on this note within the next year.

There was a fourth note for Susitna Square (bridge loan) in the amount of \$1,000,000 issued in October 2015 and paid off in June 2016.

Notes to Financial Statements

A summary of the balances is shown below.

	Ridgeline Terrace		Susitna Square		Total
Secondary Loan	\$ 11,212,423	\$	2,617,294	\$	13,829,717
Bridge loan	4,600,000		-		4,600,000
	15,812,423		2,617,294		18,429,717
Less:					
Allowance for loan loss	(1,009,118)		(235,557)		(1,244,675)
Net Construction loans receivable	\$ 14,803,305	\$	2,381,737	\$	17,185,042

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. There was no change in the note's balance of \$1,424,914 during the year ended June 30, 2016.

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. During the year ended June 30, 2016, the Corporation received grant revenue from AHFC in the amount of \$10,818,649.



RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA CORPORATION FOR AFFORDABLE HOUSING APPROVING THE SUBMISSION OF THE FY2018 OPERATING BUDGET THROUGH THE DEPARTMENT OF REVENUE TO THE GOVERNOR'S OFFICE FOR SUBMITTAL TO THE STATE LEGISLATURE

Resolution No. 2016-2

WHEREAS, the Budget Director of the Alaska Housing Finance Corporation has prepared the proposed FY2018 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 budgets with the Office of Management and Budget on September 26, 2016; and

WHEREAS, the Alaska Housing Finance Corporation board of directors reviewed and authorized the submission of the FY2018 Operating budget at its October 26, 2016; 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 FY2018; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of ACAH that the FY2018 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 Housing Finance Corporation this 30th day of November 2016.

Board Chair



MEMORANDUM

DATE: November 30, 2016
TO: Board of Directors
FROM: Staff
RE: Change of Registered Agent

Issue:

The Corporation wishes to designate a new Registered Agent with the State of Alaska. Such action requires authorization by the Corporation's Board of Directors.

Recommendation and requested action:

The Board of Directors is requested to authorize the attached "Statement of Change" form designating the Corporation's new Registered Agent with the State of Alaska.



RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA CORPORATION FOR AFFORDABLE HOUSING APPROVING A CHANGE OF REGISTERED AGENT WITH THE STATE OF ALASKA.

Resolution No. 2016-3

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Alaska Corporation for Affordable Housing hereby approves the "Statement of Change" of Registered Agent with the State of Alaska, a copy of which has been presented to, and is made a part of, the record of this meeting.

This Resolution shall take effect immediately.

Dated this 30th day of November 2016

Board Chair