

**Alaska Industrial Development and
Export Authority
(A Component Unit of the State of Alaska)**

**Federal Single Audit Report
Year Ended June 30, 2025**

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(A Component Unit of the State of Alaska)

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Alaska Industrial Development and Export Authority
Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alaska Industrial Development and Export Authority (the Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

November 26, 2025

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Alaska Industrial Development and Export Authority
Anchorage, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alaska Industrial Development and Export Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2025. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters.



Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Alaska Industrial Development and Export Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Alaska Industrial Development and Export Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon, dated November 26, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.

January 29, 2026

Alaska Industrial Development and Export Authority
(A Component Unit of the State of Alaska)

Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce Economic Development Cluster COVID-19 Economic Adjustment Assistance	11.307	N/A	\$ -	\$ 4,333,386
Total Expenditures of Federal Awards			\$ -	\$ 4,333,386

*See accompanying independent auditor's report
and notes to schedule of expenditures of federal awards.*

Alaska Industrial Development and Export Authority
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Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Alaska Industrial Development and Export Authority (the Authority) under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Alaska Industrial Development and Export Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Alaska Industrial Development and Export Authority.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Alaska Industrial Development and Export Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Economic Adjustment Assistance Revolving Loan Fund

The U.S. Department of Commerce funds the Economic Adjustment Assistance Revolving Loan Fund (RLF), ALN 11.307, for the Authority. The RLF is used for business lending in Alaska. The federal share of the RLF as of June 30, 2025, totals \$4,333,386 and is comprised of the following balances: \$4,033,550 in loan principal outstanding, \$299,622 in cash and investments, \$214 in administrative expenses paid using award funds designated for administrative expenses during FY 2025, and \$0 in loans written off during the FY2025. The new loans disbursed in FY2025 total \$720,000.

Alaska Industrial Development and Export Authority
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Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

Assistance Listing Number(s)

11.307

Name of Federal Program or Cluster

COVID-19 Economic Development Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in Government Auditing Standards.

Alaska Industrial Development and Export Authority
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Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section III - Federal Award Findings and Questioned Costs

<u>Finding 2025-001</u>	Review of Annual Reports - Reporting - Noncompliance and Material Weakness in Internal Control over Compliance
<i>Agency</i>	U.S Department of Commerce
<i>ALN and Program Name</i>	11.307 - Economic Development Cluster - COVID-19 Economic Adjustment Assistance
<i>Award Year</i>	2021
<i>Criteria</i>	2 CFR 200.303, Internal Controls, requires the recipient or subrecipient establish, document, and maintain effective internal control over the federal award that provides reasonable assurance that the recipient or subrecipient is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.
<i>Condition</i>	The Authority's controls were not designed to detect noncompliance in program income reported in the Authority's annual report. During our testing of reports, we noted that the annual report tested did not report interest earned on deposit accounts. The amount of interest income not included on the annual report totaled \$167,023, which represents the cumulative interest income earned for the program from deposits since inception.
<i>Cause</i>	The Authority had not reported program income in prior annual reports and the individual responsible for preparing the report was not aware of the program income reporting requirements.
<i>Effect or Potential Effect</i>	The annual report submitted did include program income as required by the program requirements.
<i>Questioned Costs</i>	None.
<i>Context</i>	We tested the program's sole annual report and identified the exception as noted in the condition. This is a condition identified per review of the Authority's compliance with specified requirements not using a statistically valid sample.
<i>Identification as a Repeat Finding</i>	Not a repeat finding.
<i>Recommendation</i>	The Authority should establish procedures requiring all reports be reviewed by personnel knowledgeable of the program's requirements prior to submission to federal agencies.
<i>Views of Responsible Officials and Planned Corrective Actions</i>	Management concurs with the finding. The Authority will establish procedures to ensure that all reports are reviewed by personnel knowledgeable of the program's requirements prior to submission.



Summary Schedule of Prior Year Audit Findings

Prior Year Finding 2024-001:

The amount booked as the carrying value for 2 leases was not correctly calculated based on GASBS 87 guidance when the standard was implemented on July 1, 2022, resulting in an overstatement of capital assets, net of accumulated depreciation and beginning net position as of July 1, 2023.

Current Year Status:

Complete. Management reviews all significant report classification changes.



Management's Corrective Action Plan:

Current Year Finding 2025-001:

The EDA-209 report submitted for the SBED-CARES program did not include the required cumulative interest figures.

Corrective Action plan:

The DCCED Systems Manager will coordinate with their designated EDA federal program contact to update the previously submitted EDA-209 report to ensure it reflects accurate cumulative interest information for the SBED-CARES program. In addition, DCCED will incorporate a new internal control procedure requiring that each year's final EDA-209 report be reviewed and approved by AIDEA's Controller or Chief Financial Officer prior to submission and includes backup that supports each number. This review step will ensure the completeness and accuracy of all future filings.

Individual(s) Responsible for Corrective Action Plan:

Jean R. Kornmuller, Chief Financial Officer
Anticipated Completion Date: 06/30/2026