



T E X A S
State Affordable Housing Corporation

August Audit Committee Meeting

To be held at the offices of
Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, TX 78752

Tuesday, August 22, 2023
9:30 a.m.

**AUDIT COMMITTEE MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
To be held at the offices of
Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752**

**August 22, 2023
9:30 A.M.**

**CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM**

**Valerie Cardenas
Committee Chair**

The Audit Committee of the Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

PUBLIC COMMENT

ACTION ITEMS IN OPEN MEETING:

- Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Audit Committee Meeting held on December 6, 2022.
- Tab 2 Presentation, Discussion and Possible Approval of the Fiscal Year 2024 Annual Operating Budget.
- Tab 3 Presentation, Discussion and Possible Approval of the Fiscal Year 2024 Audit Committee Guidelines.

CLOSED MEETING:

- Consultation with legal counsel on legal matters – Texas Government Code § 551.071
- Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072
- Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073
- Personnel Matters – Texas Government Code § 551.074
- Implementation of security personnel or devices – Texas Government Code § 551.076
- Other matters authorized under the Texas Government Code

OPEN MEETING:

Action in Open Meeting on Items Discussed in Closed Meeting

ADJOURN:

Individuals who require auxiliary aids or services for this meeting should contact Rebecca DeLeon, ADA Responsible Employee, at 512-220-1174 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.

Section 46.035 of the Texas Penal Code prohibits handgun licensees from carrying their handguns at government meetings such as this one. This prohibition applies to both concealed carry and open carry by handgun licensees. Handgun licensees are required by law to refrain from carrying their handguns at this meeting.

Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.

Tab 1

Presentation, Discussion and Possible Approval of Minutes of the Audit Committee Meeting held on December 6, 2022.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
AUDIT COMMITTEE MEETING**

**The Audit Committee of the
Texas State Affordable Housing Corporation (TSAHC)**

**December 6, 2022
9:45 A.M.**

Summary of Minutes

**CALL TO ORDER ROLL CALL
CERTIFICATION OF QUORUM**

The Audit Committee of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Valerie Cardenas, Audit Committee Chair, at 9:50am on December 6, 2022, at the offices of Texas State Affordable Housing Corporation, 6701 Shirley Avenue, Austin TX 78752. Roll Call was taken, and four members were present.

Committee Members Present

Valerie Cardenas, (Board Member), Chair
Andy Williams, (Board Member), Member
David Long, (President), Ad Hoc Member
Melinda Smith, (Chief Financial Officer), Ad Hoc Member

Special Guests

Routt Thornhill, Coats Rose

Public Comment

None was given.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Audit Committee Meeting held on August 26, 2022.

Mr. Long made a motion to approve the minutes of the Audit Committee Meeting held on August 26, 2022. Mr. Williams seconded the motion. A vote was taken, and the motion passed unanimously.

See page 3 in the official transcript.

Tab 2 Presentation, Discussion and Possible Approval of the Independent Financial Audit for the Fiscal Year Ending August 31, 2022.

Presented by Nick Lawrence, Controller and Jimmy Romell, Maxwell, Locke & Ritter

Mr. Williams made a motion to approve the Independent Financial Audit for the Fiscal Year Ending August 31, 2022. Mr. Long seconded the motion. A vote was taken, and the motion passed unanimously.

See page 4 in the official transcript.

Adjournment

Ms. Cardenas adjourned the meeting at 10:08 am.

Respectfully submitted by _____
Rebecca DeLeon, Corporate Secretary

Tab 2

Presentation, Discussion and Possible Approval of the Fiscal Year 2024
Annual Operating Budget.

Texas State Affordable Housing Corporation
Proposed Operating Budget
Fiscal Year 2024

	2023	2023	2024
	Budget	Actual	Budget
Revenues			
Single Family Revenue	\$ 8,653,000	11,634,547	10,472,000
Lending Program Revenue	5,645,000	4,250,389	2,762,000
Multifamily Program Revenue	1,055,000	1,009,392	1,272,000
Rental Program Revenue	918,000	972,263	1,364,000
Federal & State Grants	1,500,000	1,041,699	198,000
Grants, Donations & Other Awards	260,000	293,810	250,000
Land Bank Revenue	601,000	1,277,706	4,893,000
Servicing Revenue	98,000	75,867	72,000
Investment Revenue	1,580,000	1,685,951	1,380,000
Unrestricted Reserves	5,500,000	5,500,000	-
	\$ 25,810,000	27,741,624	22,663,000
Expenditures			
Texas Housing Impact Fund	\$ 6,575,000	5,756,693	9,221,000
Affordable Communities of Texas	4,100,000	2,090,794	5,390,000
Other Program Expenditures	7,961,000	8,711,315	553,000
Salaries & Payroll Related Expenditures	4,400,000	4,442,650	4,500,000
Grants	1,115,000	1,069,674	1,005,000
Principal & Interest on Notes Payable	136,000	136,074	213,000
Professional Services	605,000	518,874	791,000
Marketing	159,000	140,552	169,000
Insurance	260,000	263,367	310,000
Travel & Meals	99,000	98,241	124,000
Furniture, Equipment, & Software	49,000	55,274	54,000
Building Maintenance	70,000	72,770	69,000
Professional Dues, Conferences & Training	34,000	34,535	49,000
Sponsorships	24,000	23,500	25,000
Communication	27,000	25,181	21,000
Publications, Subscriptions & Other Office	26,000	26,015	25,000
Freight, Delivery, & Postage	12,000	8,197	12,000
Printing & Office Supplies	5,000	3,695	5,000
	\$ 25,657,000	23,477,403	22,536,000
Net Income	\$ 153,000	4,264,221	127,000

Tab 3

Presentation, Discussion and Possible Approval of the Fiscal Year 2024
Audit Committee Guidelines.

TEXAS STATE AFFORDABLE HOUSING CORPORATION
AUDIT COMMITTEE GUIDELINES
Fiscal Year 2024

These guidelines are intended to define the purposes, membership, and responsibilities of the Audit Committee of the Texas State Affordable Housing Corporation (“the Corporation”).

I. PURPOSES

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee’s primary duties and responsibilities are to:

1. Monitor the integrity of the Corporation’s budgeting process, financial reporting process and systems of internal controls regarding finance, accounting, legal and ethics compliance.
2. Monitor the independence and performance of the Corporation’s independent financial auditors who shall report directly to the Audit Committee.
3. Facilitate communication among the independent auditors, management, the CFO, and the Board of Directors.
4. Monitor compliance by the Corporation and its directors, officers and employees with applicable laws, regulations, contracts, agreements, and grants and the Corporation’s code of ethics and conflict of interest policies.
5. Establish procedures for the receipt, retention and treatment of financial matters complaints and the confidential anonymous submission by employees regarding questionable accounting, fraud, or abuse.
6. Report on its activities to the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the independent auditors as well as anyone at the Corporation. The Audit Committee has the ability to retain, at the Corporation’s expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. However, it is not the duty or responsibility of the Audit Committee or its members to conduct auditing or accounting review procedures, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Corporation from which it receives information and (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations.

II. COMPOSITON AND MEETINGS

The Audit Committee shall be comprised of four members, as determined by the Board of Directors, two of whom shall be directors of the Corporation. Any other board member will be eligible to serve as an alternate member of the Audit Committee and will serve if one of the other member Board directors is absent from the meeting. The Corporation's President and Chief Financial Officer will serve as Ad Hoc members of the Committee. The two-member board directors shall be free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Audit Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Audit Committee shall have accounting or related financial management expertise.

Audit Committee members shall be appointed on recommendation by the full Board of Directors. If a Chair of the Audit Committee is not designated or present, the members of the Audit Committee may designate a Chair by majority vote of the Audit Committee.

A quorum for a meeting of the Audit Committee shall consist of at least three committee members, two of which must be Board members.

Audit Committee members will be reimbursed for travel and other actual and reasonable expenses incurred in the conduct of official Audit Committee business. No member of the Audit Committee may accept any additional consulting, advisory or other compensatory fee from the Corporation or other organization.

The Audit Committee shall meet a minimum of two times annually or more frequently if circumstances dictate.

III. RESPONSIBILITIES AND DUTIES

The Audit Committee shall have the following duties and responsibilities:

Review Procedures

1. Review and assess the adequacy of these guidelines at least annually and submit any proposed changes to the Board of Directors for approval.
2. Review and approve the Corporation's proposed fiscal year operating budget and any amendments thereto for submission to the Board of Directors for approval.
3. Review and approve the audited financial statements and any amendments thereto for submission to the Board of Directors for approval. The review should include discussion with management and independent auditors of

significant issues regarding accounting and auditing principles, practices, and judgments.

4. In consultation with management, the CFO, and independent auditors, consider the integrity of the company's financial reporting processes and controls. Discuss significant financial and non-financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.
5. Consider and approve, if appropriate, major changes to the Corporation's accounting principles as suggested by the independent auditors, management or CFO and any items required to be communicated by the independent auditors in accordance with Statement on Auditing Standards No. 115.

Independent Auditors

1. The independent auditors are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee shall approve the appointment of auditors, review their independence, qualifications, and performance, and approve any discharge of auditors when circumstances warrant.
2. On an annual basis, the Audit Committee should review and discuss with the independent auditors all significant relationships they have with the Corporation that could impair the auditors' independence.
3. Prior to releasing the audit report, discuss the results of the audit with the independent auditors. Discuss certain matters required to be communicated to the Audit Committee in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States and any other standards required by applicable federal or state law or regulation.
4. Review with the independent auditor any management letter provided by the auditor and the Corporation's response to that letter.

While the Audit Committee has the responsibilities and powers set forth in these guidelines, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations.