

# **AGRICULTURAL REVOLVING LOAN FUND**

## **Notes to Financial Statements for May, 2011 - FY11**

### **Statement of Revenues, Expenses, and Changes in Fund Equity**

1. \$40,799 was recorded as Interest Income. For comparison, April 2011 Interest Income was \$46,619. Total Interest Income for July 2010 through May 2011 is \$564,483.
2. \$40,868 was recorded as ARLF operating expenses. Contractual Services included \$3,051 paid through RSA for legal services and \$20,500 paid to Resource Data, Inc. for technical writing services to create/update the Policy and Procedure Manual for ARLF.
3. Net Operating Income was \$13,540.  
Mt. McKinley Meat and Sausage Plant Loss for the period (Non-Operating Activity) was recorded at (\$13,290).

### **Comparative Balance Sheet**

1. \$4,602,486 was ARLF Cash balance on May 31, 2011. For comparison, ARLF Cash balance on May 31, 2010 was \$4,211,104.
2. \$12,334,256 was ARLF Loans Receivable account balance. For comparison, ARLF Loans Receivable balance on May 31, 2010 was \$11,863,080.

### **Mt. McKinley Meat and Sausage Plant Statement of Revenues and Expenses**

1. \$85,427 was recorded as Total Revenues for the month.
2. \$98,717 was recorded as Total Expenses for the month.
3. Fiscal Year-to-Date Loss is (\$85,168).

### **Loan Activity/Cash outflows**

1. \$2,460,750 is the total amount of loans approved since the beginning of the fiscal year through June 13, 2011. The actual cash outflow does not include ARLF loan refinances in the amount of \$348,754.

**AGRICULTURAL REVOLVING LOAN FUND**  
**Statement of Revenues, Expenses, and Changes in Fund Equity**  
**For Month ended May 31, 2011**

	May	Fiscal Year to Date
<b>Operating Revenues</b>		
Interest Income	\$ 40,799	\$ 564,483
Services (legal, clerical, loan fees, sale products)	12,237	12,787
Late Payment Penalties	(28)	11,923
Rents, including leasehold credits	1,400	19,326
CRP Revenue	-	-
Uncollectible Amounts Recovered	-	-
Recovery of Expenses	-	-
Fines & Forfeitures	-	-
Transfers in from Other Funds	-	-
Sale of Assets	-	-
<b>Total Operating Revenues</b>	<b>54,408</b>	<b>608,520</b>
<b>Operating Expenses:</b>		
Personal Services	14,279	145,641
Travel	1,024	7,051
Contractual Services	25,098	122,738
Commodities	467	1,359
<b>Total Operating Expenses</b>	<b>40,868</b>	<b>276,788</b>
<b>Net Operating Income (Loss)</b>	<b>13,540</b>	<b>331,732</b>
<b>Non-Operating Income (Expenses):</b>		
MMM&S Revenues	85,427	1,070,330
Mt. McKinley Meat & Sausage Plant	(98,717)	(1,155,498)
Mt. McKinley Meat & Sausage Plant Net Income (loss)	<b>(13,290)</b>	<b>(85,168)</b>
Income (Loss) Investment in Mat Maid	-	-
Income (Loss) Sale of Fixed Assets	-	-
Bad Debt Expense	-	-
Depreciation Expense	-	-
<b>Total Non-Operating Income / (Expenses)</b>	<b>(13,290)</b>	<b>(85,168)</b>
<b>Current Period Earnings (Loss)</b>	<b>\$ 249</b>	<b>\$ 246,564</b>
<b>Fund Equity, June 30, 2010</b>		<b>\$22,563,097</b>
<b>Fund Equity, May 31, 2011</b>		<b>\$22,809,661</b>

**AGRICULTURAL REVOLVING LOAN FUND**  
**Comparative Balance Sheet**  
**May 31, 2011**

<u>ASSETS</u>	<u>May</u> <u>2011</u>	<u>April</u> <u>2011</u>	<u>LIABILITIES</u>	<u>May</u> <u>2011</u>	<u>April</u> <u>2011</u>
<b>Current Assets</b>			<b>Short Term Liabilities</b>		
Cash	\$ 4,602,486	\$ 4,795,263	Warrants Outstanding	\$ 71,021	\$ 104,039
Receivables			Accounts Payable	48	-
ARLF Loans	12,334,256	12,141,051	Accrued Payables	126,623	126,623
Land Sale Contracts	1,443,662	1,445,227	Accrued Vacation Leave	29,422	29,422
Notes Receivable	70,149	70,149	Trust Account	306	306
Judgments	123,800	123,800			
Accrued Interest	-1- 107,239	107,239	<b>Total Short Term Liabilities</b>	<b>227,420</b>	<b>260,390</b>
Accrued Penalties	-1- 912	912			
Leases/Accounts Receivable	-1- -	-	<b>Due to Other Funds</b>		
Protection of Collateral	-	-	Due to General Fund	-4- (1,044,421)	(1,044,421)
Less Allowances:			Allow for AFC stock	-4- 1,044,421	1,044,421
Doubtful Accounts	-2- (123,781)	(123,781)	Due to School Fund	-4- -	-
Net Receivables	13,956,237	13,764,597	<b>Total Due to Other Funds</b>	<b>-</b>	<b>-</b>
Outstanding Loan Warrants	46,907	78,490			
Repossessed Inventory	29,000	29,000	<b>Long Term Liabilities</b>		
<b>Total Current Assets</b>	<b>18,634,630</b>	<b>18,667,350</b>	Accrued Pension Adjustment	-	-
<b>Due from Other Funds</b>			<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>
Due from GF	-	-	<b>TOTAL LIABILITIES</b>	<b>227,420</b>	<b>260,390</b>
Due from Mental Health	-	-			
<b>Total Due from Other Funds</b>	<b>-</b>	<b>-</b>	<b>FUND EQUITY</b>		
<b>Other Assets</b>			Fund Equity, Beginning	22,563,097	22,563,097
Investments:	-3-		Current Year Earnings (Loss)	246,564	246,314
Alaska Farmers Coop	2,787,153	2,787,153			
Mat Maid	992,732	992,732	<b>TOTAL FUND EQUITY</b>	<b>22,809,661</b>	<b>22,809,411</b>
Repossessed Property	1,299,075	1,299,075			
Less Accum. Deprec	(676,509)	(676,509)	<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 23,037,081</b>	<b>\$ 23,069,801</b>
Other Assets	-	-			
<b>Net Other Assets</b>	<b>4,402,451</b>	<b>4,402,451</b>			
<b>TOTAL ASSETS</b>	<b>\$ 23,037,081</b>	<b>\$ 23,069,801</b>			

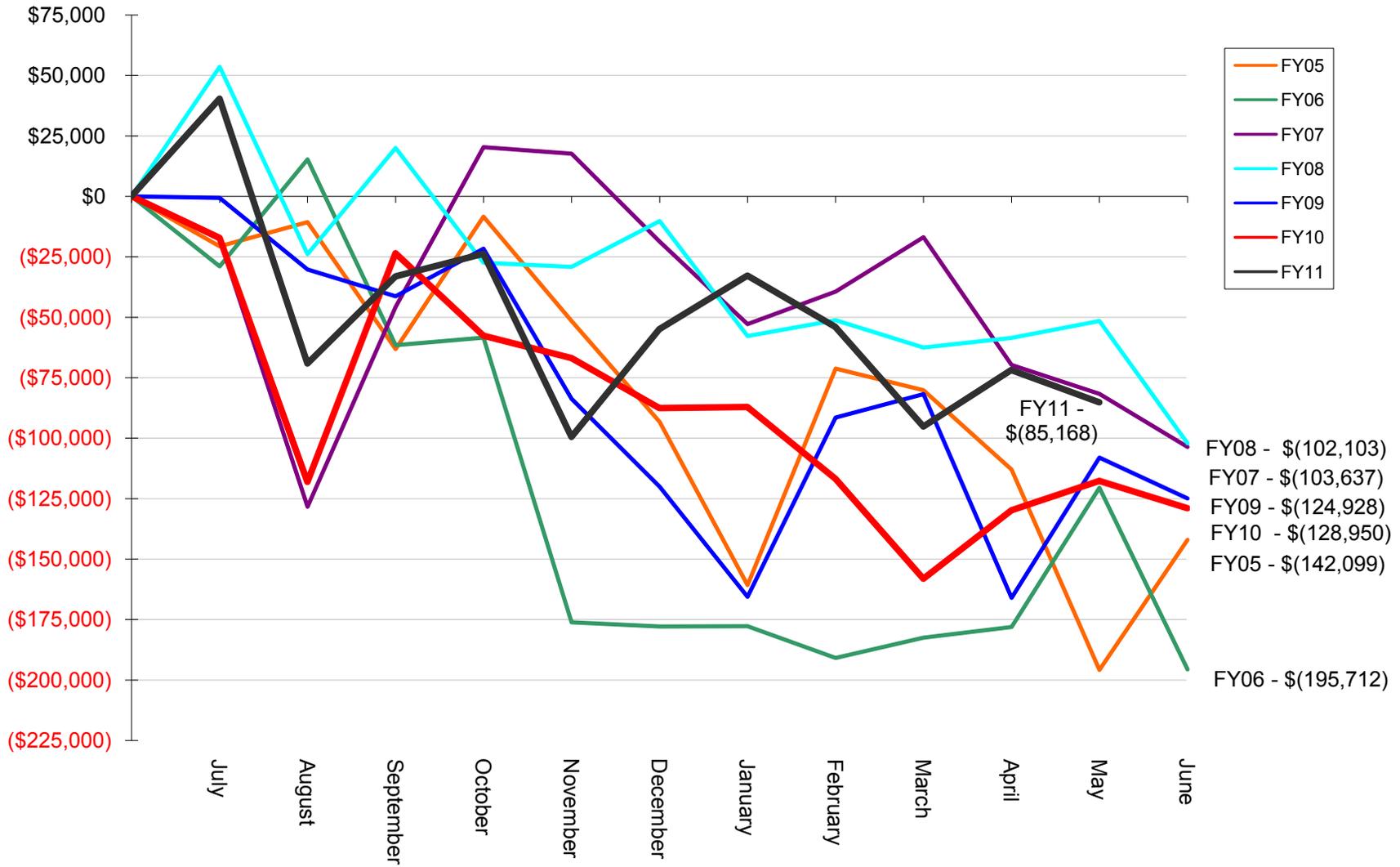
**Footnotes:**

1. Adjustments to Accrued Interest, Accrued Penalties, and Leases Receivable are posted only on June 30.
2. The Allowance for Doubtful Accounts applies only to the principal balance.
3. Adjustments to record changes in Mat Maid's equity are posted only on June 30.
4. Includes amounts due to other funds from: a) outstanding land sale contracts on repossessed property; and b) preferred stock issued to ARLF for ARLF and General Fund loans.

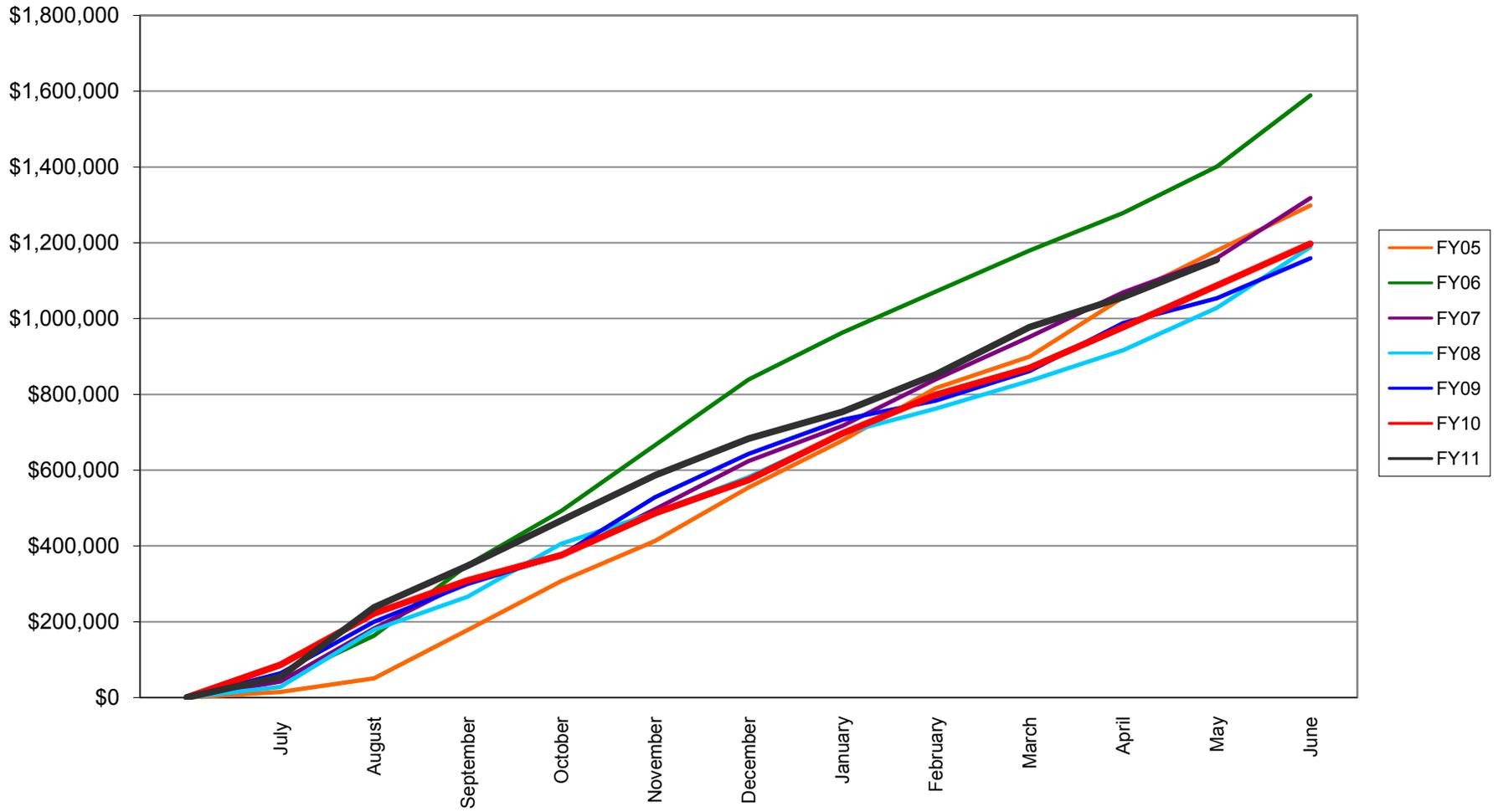
**Mt McKinley Meat and Sausage  
 AGRICULTURAL REVOLVING LOAN FUND  
 Statement of Revenues and Expenses  
 For Month ended May 31, 2011**

	<b>May</b>	<b>Fiscal Year-to-Date</b>
<b>Revenues:</b>		
Services	\$ 4,642	\$ 100,554
Sale of Products	79,727	961,473
Freight	1,058	8,304
	<b>85,427</b>	<b>1,070,330</b>
<b>Expenses:</b>		
Personal Services	26,173	269,867
Travel	-	-
Contractual Services	10,131	122,464
Commodities	62,413	763,167
	<b>98,717</b>	<b>1,155,498</b>
<b>Net Earnings / (Loss)</b>	<b>\$ (13,290)</b>	<b>\$ (85,168)</b>

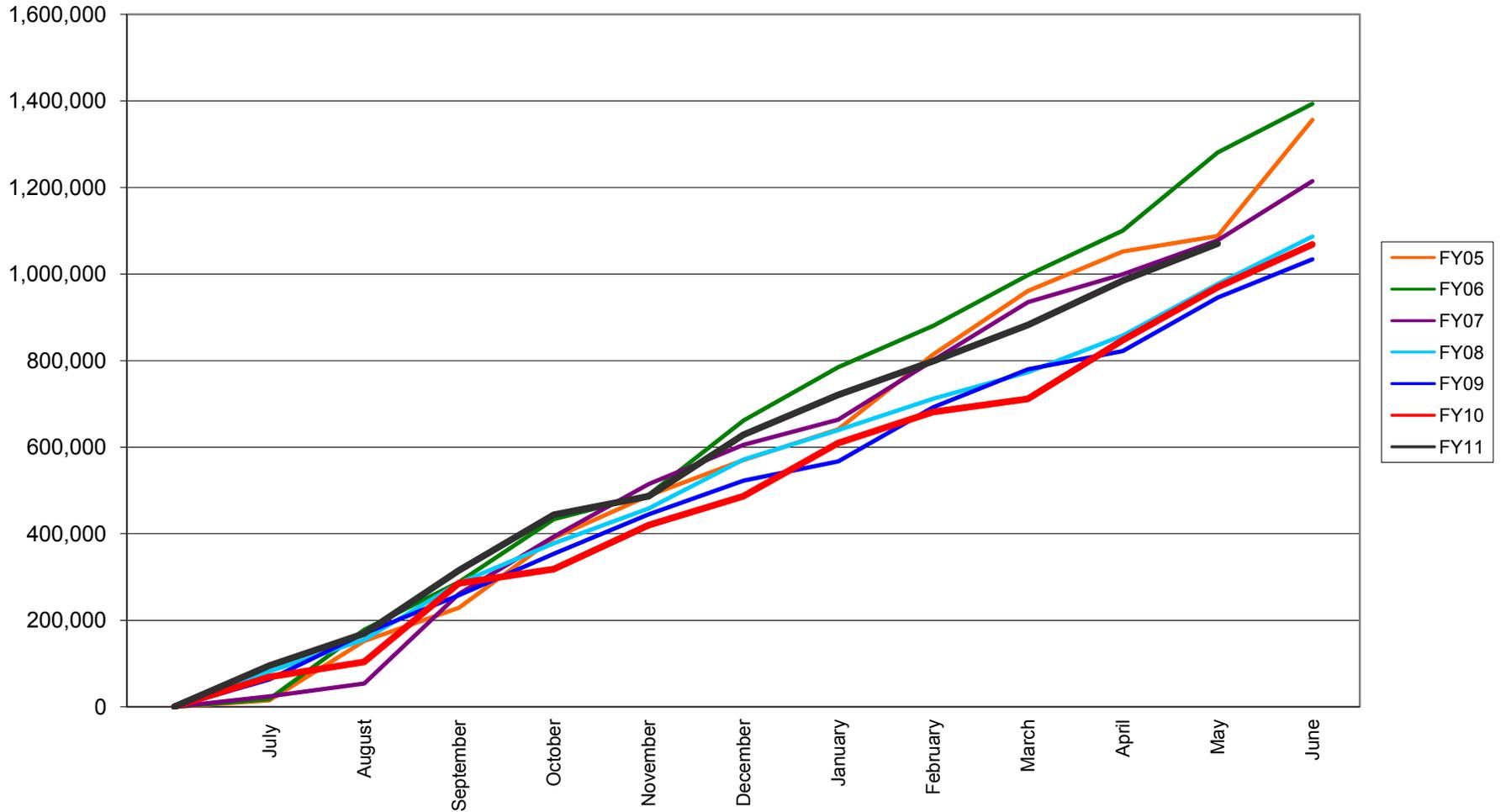
**Mt. Mckinley Meat and Sausage  
Income(Loss)  
FY 2005 - FY 2011**



**Mt McKinley Meat and Sausage  
Cummulative Expenses  
July 2004 - May 2011**



### Mt Mckinley Meat and Sausage Revenue Trend July 2004 - May 2011



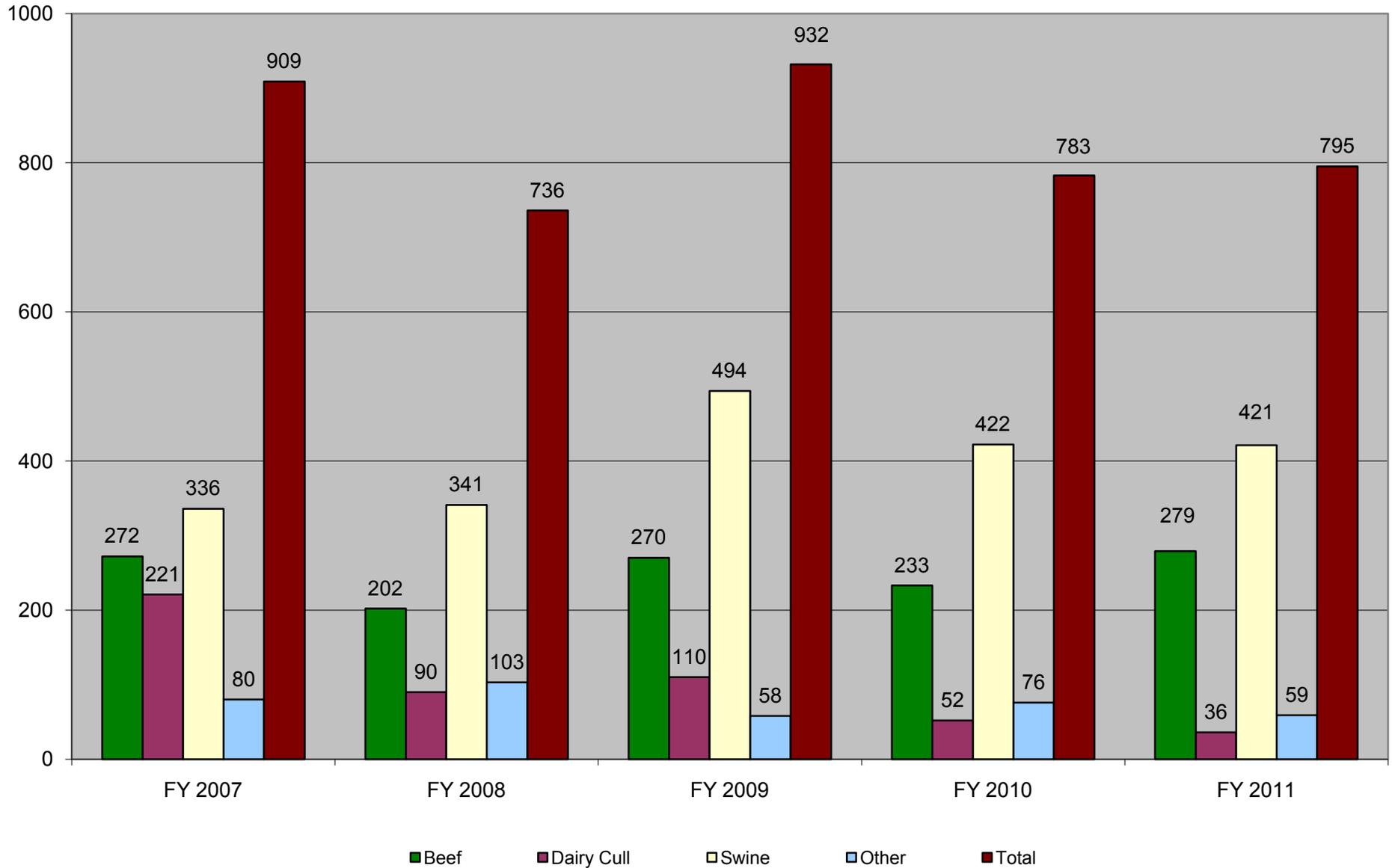
**AGRICULTURAL REVOLVING LOAN FUND**  
**Loan Activity Report / Undistributed Warrants**  
**As of June 13, 2011 - FY 11**

Borrower	LO	Loan #	Date Approved	Note Date	Amount Approved	Warrants		Available Balance	Amount Distributed to Borrower	Undistributed Warrants
						Issued	#			
Wrigley Farms, LLC	1	C-5259	7/8/2010	9/15/2010	200,000.00	176,144.10	4	23,855.90	176,144.10	0.00
Trowbridge	1	F-5197	7/8/2010	7/15/2010	165,000.00	165,000.00	4	0.00	165,000.00	0.00
Longbrake	1	F-5198	7/8/2010	7/15/2010	639,750.00	639,750.00	4	0.00	639,750.00	0.00
Longbrake	1	F-5199	7/8/2010	7/15/2010	125,000.00	125,000.00	2	0.00	125,000.00	0.00
Longbrake	1	C-5258	7/8/2010	7/15/2010	55,000.00	55,000.00	2	0.00	55,000.00	0.00
Hecker	1	F-5200	8/25/2010	9/1/2010	411,000.00	411,000.00	8	0.00	411,000.00	0.00
Hawks Farm & Garden Center, Inc	1	S-5452	2/22/2011	2/28/2011	70,000.00	25,277.50	2	44,722.50	25,277.50	0.00
Skidmore	1	F-5201	2/22/2011	3/1/2011	45,000.00	21,281.75	3	23,718.25	21,281.75	0.00
Skidmore	1	C-5260	2/22/2011	3/1/2011	12,000.00	0.00		12,000.00	0.00	0.00
Alaska Chip Co., LLC	1	S-5453	2/22/2011	3/15/2011	40,000.00	38,135.71	6	1,864.29	38,135.71	0.00
Gold Nugget Farms, Inc	1	S-5454	3/31/2011	4/1/2011	175,000.00	87,500.00	1	87,500.00	87,500.00	0.00
Butte Farms, Inc	1	S-5455	3/31/2011	4/1/2011	95,000.00	95,000.00	1	0.00	95,000.00	0.00
Wrigley Farms, LLC	1	S-5456	3/31/2011	5/1/2011	50,000.00	50,000.00	1	0.00	50,000.00	0.00
Wrigley Farms, LLC	1	C-5261	3/31/2011	5/1/2011	8,000.00	8,000.00	1	0.00	8,000.00	0.00
Williams	1	S-5457	5/5/2011	5/15/2011	70,000.00	70,000.00	2	0.00	70,000.00	0.00
Williams	1	C-5263	5/5/2011	5/15/2011	64,000.00	42,274.28	2	21,725.72	42,274.28	0.00
Church of the Living Word, Inc.	1	C-5262	5/5/2011	5/15/2011	76,000.00	76,000.00	1	0.00	76,000.00	0.00
Brost	1	S-5459	5/5/2011	6/1/2011	105,000.00	70,250.00	2	34,750.00	250.00	70,000.00
Byers	1	S-5458	5/5/2011	6/1/2011	55,000.00	46,631.48	2	8,368.52	46,631.48	0.00
								0.00		0.00
								0.00		0.00
<b>TOTALS</b>					<b>\$2,460,750.00</b>	<b>\$2,202,244.82</b>	<b>48</b>	<b>\$258,505.18</b>	<b>\$2,132,244.82</b>	<b>\$70,000.00</b>

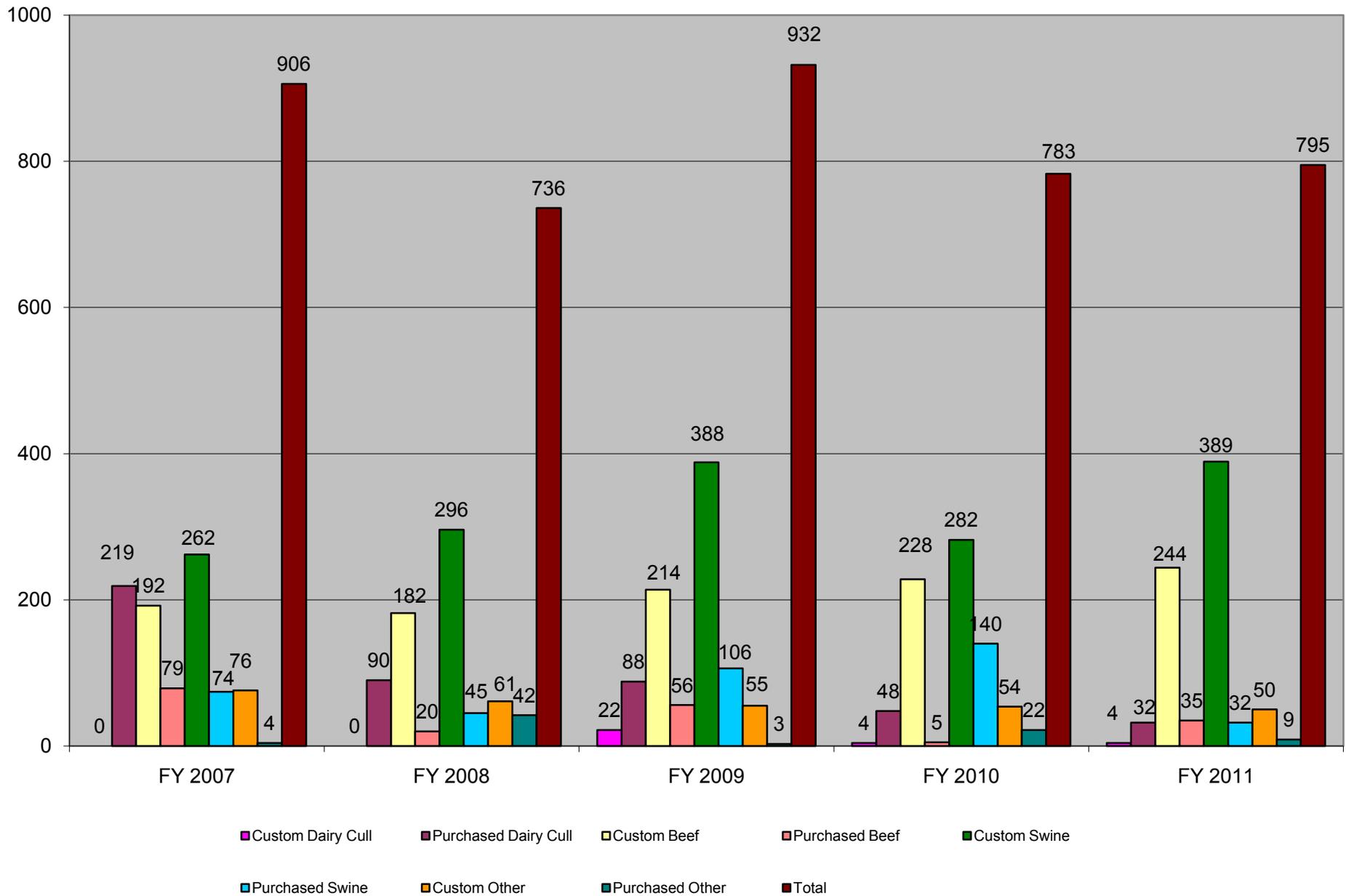
**AGRICULTURAL REVOLVING LOAN FUND**  
**Loan Activity Report / Undistributed Warrants**  
**As of June 13, 2011 - FY 10**

Borrower	LO	Loan #	Date Approved	Note Date	Amount Approved	Warrants		Available Balance	Amount Distributed to Borrower	Undistributed Warrants
						Issued	#			
Brost	1	F-5180	7/9/2009	7/15/2009	530,000.00	462,922.08	2	0.00	462,922.08	0.00
Hoover	1	F-5182	7/9/2009	7/15/2009	319,000.00	319,000.00	3	0.00	319,000.00	0.00
Debenham & Rita, LLC	1	F-5181	7/9/2009	7/15/2009	630,000.00	630,000.00	3	0.00	630,000.00	0.00
Miller	3	S-5442	7/9/2009	7/15/2009	60,000.00	60,000.00	3	0.00	60,000.00	0.00
Miller	3	C-5254	7/9/2009	7/15/2009	75,000.00	75,000.00	3	0.00	75,000.00	0.00
Dubois	1	S-5441	7/9/2009		8,000.00			0.00		0.00
Amberg	1	F-5183	8/6/2009	8/15/2009	130,000.00	130,000.00	3	0.00	130,000.00	0.00
Amberg	1	C-5255	8/6/2009	8/15/2009	40,000.00	40,000.00	1	0.00	40,000.00	0.00
East	1	F-5184	8/6/2009	8/15/2009	135,000.00	135,000.00	13	0.00	135,000.00	0.00
Carlson	1	F-5185	10/15/2009	11/1/2009	300,000.00	300,000.00	6	0.00	300,000.00	0.00
P&M Garden, Inc.	1	F-5186	10/15/2009	11/20/2009	400,000.00	400,000.00	2	0.00	400,000.00	0.00
Sutton	1	F-5187	11/12/2009	11/30/2009	105,000.00	105,000.00	4	0.00	105,000.00	0.00
Simineo	1	F-5188	1/21/2010	2/1/2010	235,000.00	235,000.00	3	0.00	235,000.00	0.00
Roushar	1	F-5189	1/21/2010	2/1/2010	56,000.00	56,000.00	1	0.00	56,000.00	0.00
Ag Investors, LLC	1	F-5190	1/21/2010	2/15/2010	186,500.00	186,500.00	22	0.00	186,500.00	0.00
Miller	3	C-5257	1/21/2010	3/24/2010	150,000.00	150,000.00	5	0.00	150,000.00	0.00
Hoover	1	C-5256	3/4/2010	3/15/2010	55,650.00	55,650.00	9	0.00	55,650.00	0.00
Hawks, Inc.	1	S-5443	3/4/2010	3/15/2010	50,000.00	27,230.00	3	0.00	27,230.00	0.00
Warbelow-Tack	1	F-5191	3/4/2010	3/15/2010	113,000.00	113,000.00	4	0.00	113,000.00	0.00
The Plant Kingdom, Inc.	1	F-5192	3/4/2010	3/15/2010	125,000.00	125,000.00	3	0.00	125,000.00	0.00
East	1	F-5193	3/4/2010	3/15/2010	180,000.00	180,000.00	12	0.00	180,000.00	0.00
East	1	P-1006	3/4/2010	3/15/2010	27,500.00	27,500.00	1	0.00	27,500.00	0.00
Byers	3	S-5445	3/4/2010	3/4/2010	25,000.00	25,000.00	2	0.00	25,000.00	0.00
Valley Dairy, Inc.	3	S-5444	3/4/2010	3/15/2010	200,000.00	200,000.00	6	0.00	200,000.00	0.00
Ag Investors, LLC	3	S-5446	3/4/2010	3/10/2010	50,000.00	50,000.00	1	0.00	50,000.00	0.00
Miller	3	F-5194	4/5/2010	4/21/2010	240,000.00	232,123.63	11	0.00	232,123.63	0.00
Wrigley Farms, Inc.	1	S-5447	4/5/2010	5/1/2010	40,000.00	40,000.00	1	0.00	40,000.00	0.00
Van Wyhe	1	F-5196	4/5/2010	4/15/2010	350,000.00	350,000.00	3	0.00	350,000.00	0.00
Wrigley Farms, Inc.	1	F-5195	4/5/2010	4/15/2010	460,000.00	460,000.00	4	0.00	460,000.00	0.00
Alaska Chip Co., LLC	1	S-5448	4/5/2010	4/15/2010	60,000.00	42,764.06	6	0.00	42,764.06	0.00
Brost	1	S-5451	5/15/2010	5/3/2010	105,000.00	70,219.98	3	0.00	70,219.98	0.00
Gold Nugget Farms, Inc.	1	S-5449	5/10/2010	5/3/2010	175,000.00	175,000.00	2	0.00	175,000.00	0.00
Butte Farms, Inc.	1	S-5450	5/1/2010	5/3/2010	95,000.00	95,000.00	1	0.00	95,000.00	0.00
								0.00		0.00
								0.00		0.00
<b>TOTALS</b>					<b>\$5,710,650.00</b>	<b>\$5,552,909.75</b>	<b>146</b>	<b>\$0.00</b>	<b>\$5,552,909.75</b>	<b>\$0.00</b>

## MMM&S Slaughter Statistics by Fiscal Year and Type As of May 31, 2011 - FY11



### MMM&S Custom and Purchased Statistics by Fiscal Year As of May 31, 2011 - FY11



**AGRICULTURAL REVOLVING LOAN FUND**  
**Real and Personal Property Inventory**  
**31-May-11**

Former Borrower/ Prospective New Owner	LO	Location	Acres	Date Placed in Service	Fair Market Value at Repossession			Accum Dep. 6/30/2010	Liabilities		Lease Information					Fair Market Value					
					Land	Buildings	Mach / Equip		Total Value	Amt 6/30/04	Owed To	Amount	Lessee	Lease #	Exp Date	Inspect Date	Remarks	YR	Method	Land	Improve- ments
<b>Repossessed Inventory (account # 10626)</b>																					
UNENCUMBERED ASSETS																					
Thompson, Kenai Spur Hwy	3	Kenai	7	6/3/89	29,000.00			29,000.00							Jul-10	ARLF Sale OTC #11-01	11	Sale price	\$14,000	NONE	\$14,000
<b>Total Repossessed Inventory</b>					<u>29,000.00</u>			<u>29,000.00</u>											<u>14,000</u>		<u>14,000</u>
<b>Repossessed Property (Account # 10860 and Accum Depr # 10862)</b>																					
UNENCUMBERED ASSETS																					
Feed Mill, Tract A-1 (10860)	3	Palmer	3	4/1/84	129,120.00	14,040.00	14,400.00	157,560.00							Dec-10	ARLF OTC #09-01	09	Min Bid	\$975,000		\$975,000
<b>ASSETS with ASSOCIATED PERMITS</b>																					
Mt. McKinley Meat	3	Palmer	4	12/1/86	42,000.00	595,592.00	5,363.00	642,955.00	439,203.00						Dec-10	No planned disposal	05	Appr		1,200,000	1,200,000
<b>LONG TERM LEASES</b>																					
Alaska Farm Coop	3	Delta	20	9/3/93	94,080.00			94,080.00			0.50 /Yr	AK Farm CLSE-021	6/30/18	Apr-09	FS; Hanson Rd/98% own	05	Est	\$30,000	\$777,680	\$807,680	
Alaska Farm Coop	3	Delta	1	9/3/93	74,480.00			74,480.00			0.50 /Yr	AK Farm CLSE-022	6/30/18	Apr-09	FS; Delta/98% ownrshp	05	Est	40,000	36,000	76,000	
Mertz Dairy, (Knopp)	1	Delta	102	7/24/91	15,150.00	304,850.00		320,000.00	231,220.00		1,400.00 /Mq	Knopp	40005	6/1/11	Oct-09		09	Est	110,000	310,000	420,000
<b>Sub-total Long Term Leases</b>					<b>\$183,710.00</b>	<b>\$304,850.00</b>	<b>\$0.00</b>	<b>\$488,560.00</b>	<b>\$231,220.00</b>	<b>\$0.00</b>									<b>\$180,000</b>	<b>\$1,123,680</b>	<b>\$1,303,680</b>
<b>LAND OWNED BY OTHER STATE AGENCIES - REVENUE RIGHTS ONLY</b>																					
Umnak Slaughter Fac	1	Umnak Is	6,598	1/1/07		10,000.00		10,000.00	6,085.00		3,926.00 /Yr	BPR & AN	20043	12/31/31	Jul-99	Land owned by DOT, Bldg owned by ARLF	05	Est		50,000.00	50,000.00
<b>Total - Repossessed Property</b>					<b>354,830.00</b>	<b>924,482.00</b>	<b>19,763.00</b>	<b>1,299,075.00</b>	<b>676,509.00</b>										<b>1,155,000</b>	<b>2,373,680</b>	<b>3,528,680</b>
<b>GRAND TOTAL</b>					<u><b>\$383,830.00</b></u>	<u><b>\$924,482.00</b></u>	<u><b>\$19,763.00</b></u>	<u><b>\$1,328,075.00</b></u>	<u><b>\$676,509.00</b></u>										<b>\$1,169,000</b>	<b>\$2,373,680</b>	<b>\$3,542,680</b>

<b>LEGEND</b>	<b>AMTA:</b> Agriculture Marketing Transaction Act
<b>FCP:</b> Farm Conservation Plan	<b>FS:</b> Fee Simple
<b>CRP:</b> Conservation Recovery Program	<b>RFP:</b> Request for Proposal

**Subsidiary Ledger**  
**ARLF - Machinery, Equipment, and Building Inventory**  
**May 31, 2011**

**ASSETS with ASSOCIATED PERMITS, AGREEMENTS OR LEASES 10860**

Item	LO	Qty	Former Owner	Date Acquired by ARLF	Date Placed in Service	Booked FMV on Date Acquired		Accum Depr 6/30/2010	Location	Remarks
						Each	Total			
Equipment, misc	3		Feed Mill, Tract A-1	01-Apr-84	01-Apr-84	14,400.00	14,400.00			Sale #09-01 OTC
<b>Subtotal Mach &amp; Equip</b>							<b>14,400.00</b>			
Building	3	1	Feed Mill, Tract A-1	01-Apr-84	01-Apr-84	14,040.00	14,040.00			Sale #09-01 OTC
<b>Subtotal Building</b>							<b>14,040.00</b>			
<b>Total Feed Mill, Tract A-1</b>							<b>28,440.00</b>			

<b>Mertz Dairy</b>										
<b>Subtotal Mach &amp; Equip</b>							<b>0.00</b>			
Building	1	1	Mertz	24-Jul-91	24-Jul-91	304,850.00	304,850.00	231,220.00		
<b>Subtotal Building</b>							<b>304,850.00</b>	<b>231,220.00</b>		
<b>Total Mertz Dairy</b>							<b>304,850.00</b>	<b>231,220.00</b>		

<b>Mt McKinley Meats</b>										
Compressor	3	1	Mt. McKinley Meats	19-Aug-97	01-Oct-97	5,363.00	5,363.00	5,363.00		
<b>Subtotal Mach &amp; Equip</b>							<b>5,363.00</b>	<b>5,363.00</b>		
Building	3	1	Mt. McKinley Meats	01-Dec-86	01-Dec-86	326,600.00	326,600.00	301,158.00		
Boiler upgrade	3	1	Mt. McKinley Meats	01-May-97	01-Oct-97	15,000.00	15,000.00	7,800.00		
Boiler upgrade	3	1	Mt. McKinley Meats	25-Aug-97	01-Oct-97	41,236.40	41,236.40	21,442.91		
Boiler upgrade	3	1	Mt. McKinley Meats	01-Nov-97	01-Feb-98	48,931.70	48,931.70	25,444.54		
Boiler upgrade	3	1	Mt. McKinley Meats	01-Feb-98	01-Feb-98	8,849.90	8,849.90	4,601.99		
Boiler upgrade	3	1	Mt. McKinley Meats	30-Jun-03	30-Jun-03	4,974.00	4,974.00	1,392.92		
Roof	3	1	Mt. McKinley Meats	30-Sep-98	01-Oct-98	150,000.00	150,000.00	72,000.00		
<b>Subtotal Building</b>							<b>595,592.00</b>	<b>433,840.00</b>		
<b>Total Mt. McKinley Meats</b>							<b>600,955.00</b>	<b>439,203.00</b>		

<b>Umnak Slaughter Facility</b>										
Building	1	1	Umnak Slghtr Fac.	01-Mar-95	01-Mar-95	10,000.00	10,000.00	6,085.00		
<b>Subtotal Building</b>							<b>10,000.00</b>	<b>6,085.00</b>		
<b>Total Umnak Slaughter Facility</b>							<b>10,000.00</b>	<b>6,085.00</b>		

Total Accumulated Depreciation

676,509 rounded