

AGRICULTURAL REVOLVING LOAN FUND

Notes to Financial Statements for March, 2013 - FY13

Statement of Revenues, Expenses, and Changes in Fund Equity

1. \$38,660 was recorded as interest income. For comparison, February 2013 interest income was \$28,042. Total interest income for July 2012 through March 2013 is \$464,876.
2. \$(87,703) was recorded as ARLF operating expenses. Contractual services included expenses associated with the Valley Dairy, Inc cheese collateral and the Matanuska Creamery equipment auction.
3. Net operating loss was \$(48,764).
Mt. McKinley Meat and Sausage Plant loss for the period (Non-Operating Activity) was recorded at \$(101,262).

Comparative Balance Sheet

1. \$6,092,162 was ARLF cash balance on March 31, 2013. For comparison, ARLF cash balance on March 31, 2012 was \$5,220,627.
2. \$12,320,923 was ARLF loans receivable account balance. For comparison, ARLF loans receivable balance on March 31, 2012 was \$12,294,392.

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

1. \$68,021 was recorded as Total Revenues for the month. For comparison, February 2013 revenue account balance was \$166,179.
2. \$(169,284) was recorded as Total Expenses for the month. For comparison, February 2013 expenses account balance was \$(164,365).
3. Fiscal Year-to-Date Loss is \$(191,701).

Loan Activity/Cash outflows

1. \$508,000 is the total amount of loans approved since the beginning of the fiscal year 2013.

AGRICULTURAL REVOLVING LOAN FUND
Statement of Revenues, Expenses, and Changes in Fund Equity
For Month ended March 31, 2013

| | <u>March</u> | <u>Fiscal Year to Date</u> |
|--|---------------------|--------------------------------|
| Operating Revenues | | |
| Interest Income | \$ 38,660 | \$ 464,876 |
| Services (legal, clerical, loan fees, sale products) | 100 | 9,207 |
| Late Payment Penalties | 179 | 5,004 |
| Rents, including leasehold credits | - | 15,126 |
| CRP Revenue | - | - |
| Uncollectible Amounts Recovered | - | - |
| Recovery of Expenses | - | - |
| Fines & Forfeitures | - | - |
| Transfers in from Other Funds | - | - |
| Sale of Assets | - | - |
| | <hr/> | <hr/> |
| Total Operating Revenues | 38,939 | 494,213 |
| Operating Expenses: | | |
| Personal Services | 12,041 | 97,743 |
| Travel | 1,049 | 5,674 |
| Contractual Services | 74,577 | 233,632 |
| Commodities | 36 | 4,695 |
| | <hr/> | <hr/> |
| Total Operating Expenses | 87,703 | 341,744 |
| | <hr/> | <hr/> |
| Net Operating Income (Loss) | (48,764) | 152,469 |
| Non-Operating Income (Expenses): | | |
| MMM&S Revenues | 68,021 | 1,121,855 |
| Mt. McKinley Meat & Sausage Plant | (169,284) | (1,313,556) |
| | <hr/> | <hr/> |
| Mt. McKinley Meat & Sausage Plant Net Income (loss) | (101,262) | (191,701) |
| Income (Loss) Investment in Mat Maid | - | (9,605) |
| Income (Loss) Sale of Fixed Assets | - | 204,008 |
| Bad Debt Expense | - | - |
| Depreciation Expense | - | - |
| | <hr/> | <hr/> |
| Total Non-Operating Income / (Expenses) | (101,262) | 2,701 |
| | <hr/> | <hr/> |
| Current Period Earnings (Loss) | \$ (150,027) | \$ 155,170 |
| | <hr/> | <hr/> |
| Fund Equity, June 30, 2012 | | \$22,864,474 |
| | | <hr/> |
| Fund Equity, March 31, 2013 | | \$23,019,644 |
| | | <hr/> |

AGRICULTURAL REVOLVING LOAN FUND
Comparative Balance Sheet
March 31, 2013

| <u>ASSETS</u> | <u>March</u> <u>2013</u> | <u>February</u> <u>2013</u> | <u>LIABILITIES</u> | <u>March</u> <u>2013</u> | <u>February</u> <u>2013</u> |
|-----------------------------------|---|--|--|---|--|
| Current Assets | | | Short Term Liabilities | | |
| Cash | \$ 6,092,162 | \$ 6,260,452 | Warrants Outstanding | \$ 11,582 | \$ 45,067 |
| Receivables | | | Accounts Payable | 2,470 | 27,269 |
| ARLF Loans | 12,320,923 | 12,359,928 | Accrued Payables | 134,621 | 134,621 |
| Land Sale Contracts | 1,325,393 | 1,326,408 | Accrued Vacation Leave | 41,291 | 41,291 |
| Notes Receivable | 47,986 | 47,986 | Trust Account | - | - |
| Judgments | - | - | | | |
| Accrued Interest | -1- 118,472 | 118,472 | Total Short Term Liabilities | 189,964 | 248,247 |
| Accrued Penalties | -1- 2,493 | 2,493 | | | |
| Leases/Accounts Receivable | -1- - | - | Due to Other Funds | | |
| Protection of Collateral | - | - | Due to General Fund | -3- (1,044,421) | (1,044,421) |
| Less Allowances: | | | Allow for AFC stock | -3- 1,044,421 | 1,044,421 |
| Doubtful Accounts | -2- - | - | Due to School Fund | - | - |
| Net Receivables | 13,815,268 | 13,855,288 | | | |
| Outstanding Loan Warrants | - | - | Total Due to Other Funds | - | - |
| Repossessed Inventory | 29,000 | 29,000 | | | |
| Total Current Assets | 19,936,430 | 20,144,740 | Long Term Liabilities | | |
| Due from Other Funds | | | Accrued Pension Adjustment | - | - |
| Due from GF | - | - | Total Long Term Liabilities | - | - |
| Due from Mental Health | - | - | TOTAL LIABILITIES | 189,964 | 248,247 |
| Total Due from Other Funds | - | - | | | |
| Other Assets | | | FUND EQUITY | | |
| Investments: | | | Fund Equity, Beginning | 22,864,474 | 22,864,474 |
| Alaska Farmers Coop | 2,787,153 | 2,787,153 | Current Year Earnings (Loss) | 155,170 | 305,197 |
| Repossessed Property | 979,075 | 979,075 | | | |
| Less Accum. Deprec | (493,050) | (493,050) | TOTAL FUND EQUITY | 23,019,644 | 23,169,671 |
| Other Assets | - | - | | | |
| Net Other Assets | 3,273,178 | 3,273,178 | TOTAL LIABILITIES & FUND EQUITY | \$23,209,608 | \$23,417,918 |
| TOTAL ASSETS | \$23,209,608 | \$23,417,918 | | | |

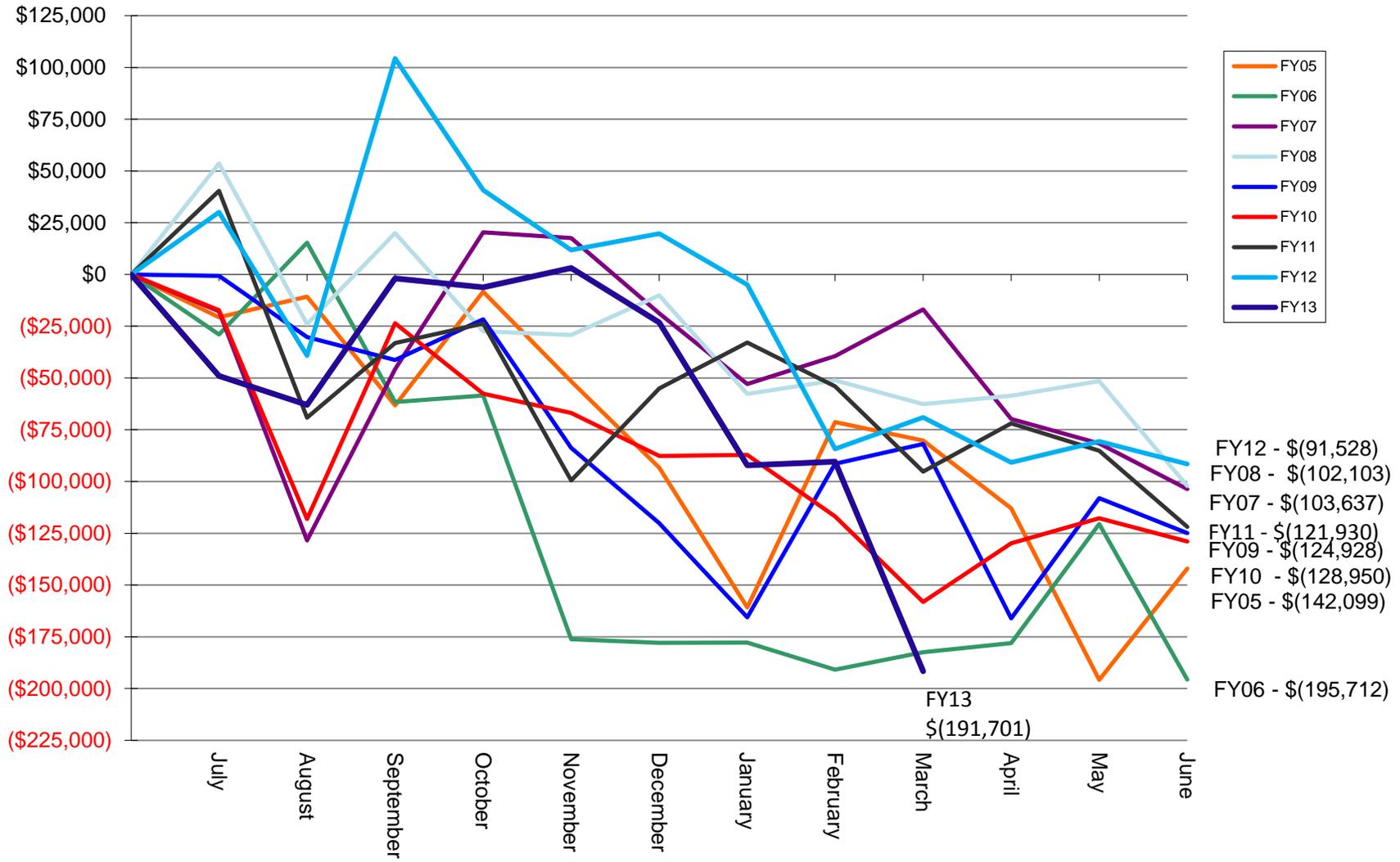
Footnotes:

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. 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.

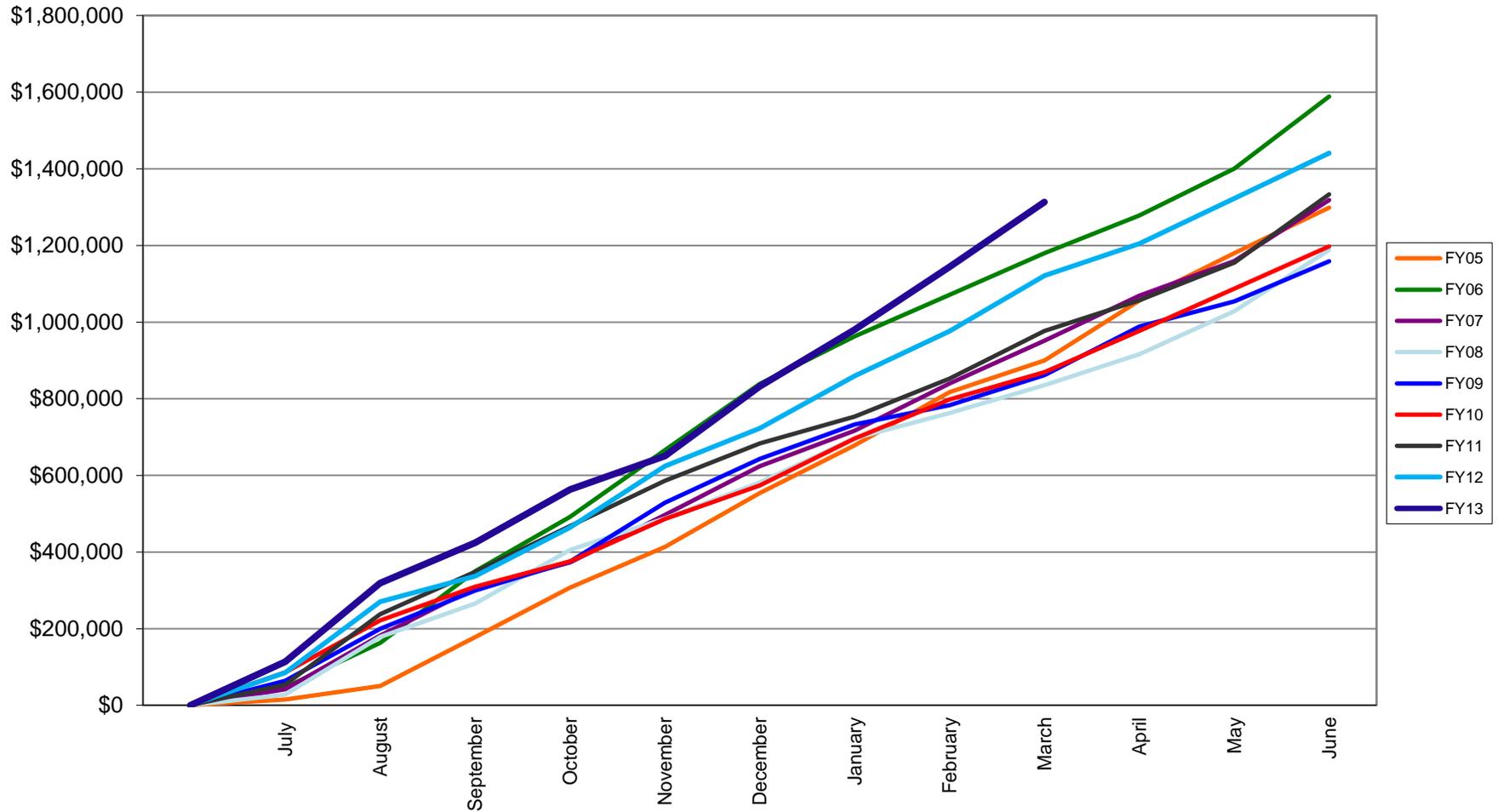
**Mt McKinley Meat and Sausage
 AGRICULTURAL REVOLVING LOAN FUND
 Statement of Revenues and Expenses
 For Month ended March 31, 2013**

| | March | Fiscal Year-to-Date |
|----------------------------------|---------------------|--------------------------------|
| Revenues: | | |
| Services | \$ 7,969 | \$ 99,548 |
| Sale of Products | 58,989 | 1,013,327 |
| Freight | 1,063 | 8,980 |
| Total Revenues | 68,021 | 1,121,855 |
| Expenses: | | |
| Personal Services | 27,328 | 245,100 |
| Travel | - | - |
| Contractual Services | 37,649 | 130,815 |
| Commodities | 104,306 | 937,641 |
| Total Expenses | 169,284 | 1,313,556 |
| Net Earnings / (Loss) | \$ (101,262) | \$ (191,701) |

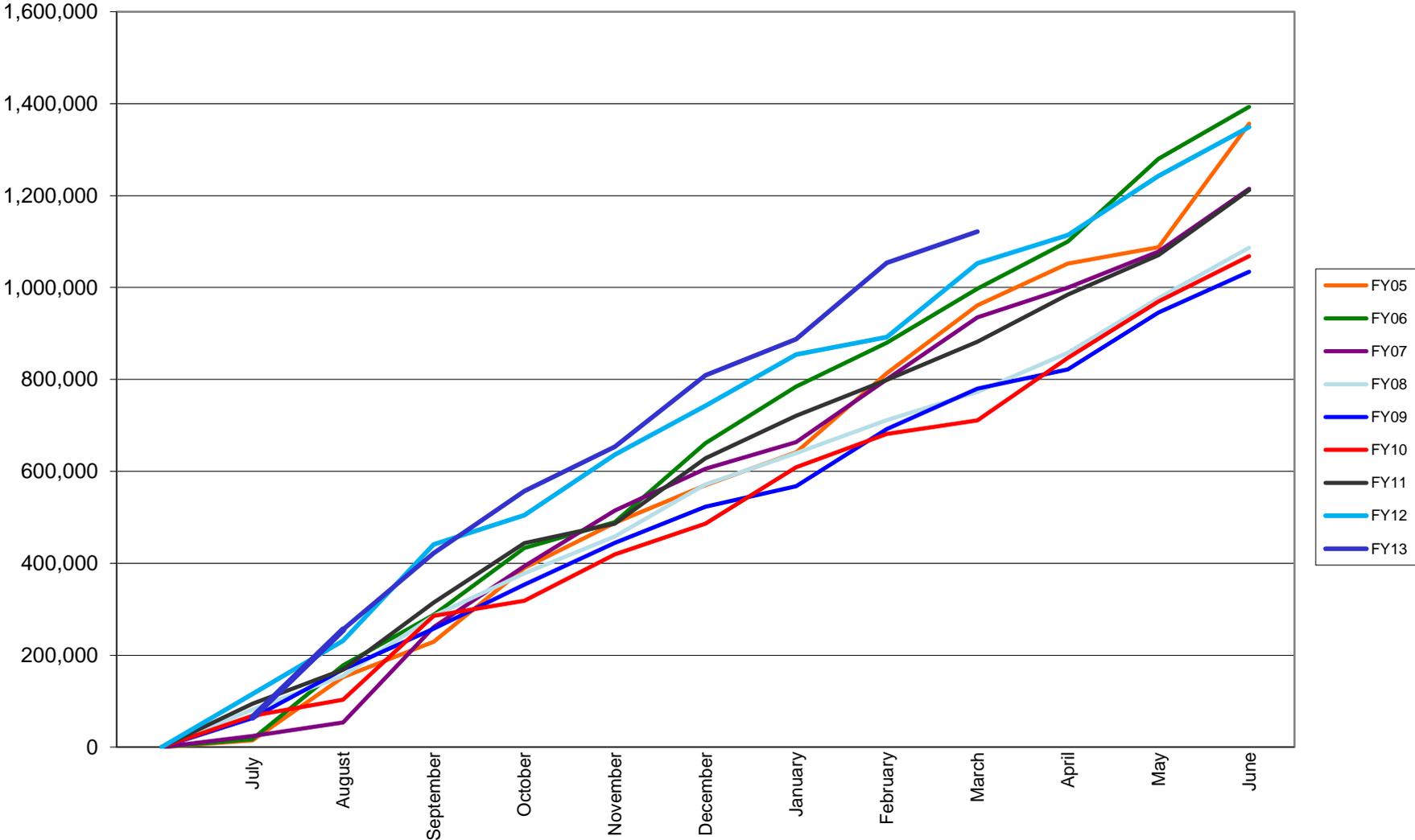
**Mt. Mckinley Meat and Sausage
Income(Loss)
FY 2005 - FY 2013**



**Mt McKinley Meat and Sausage
Cumulative Expenses
July 2004 - March 2013**



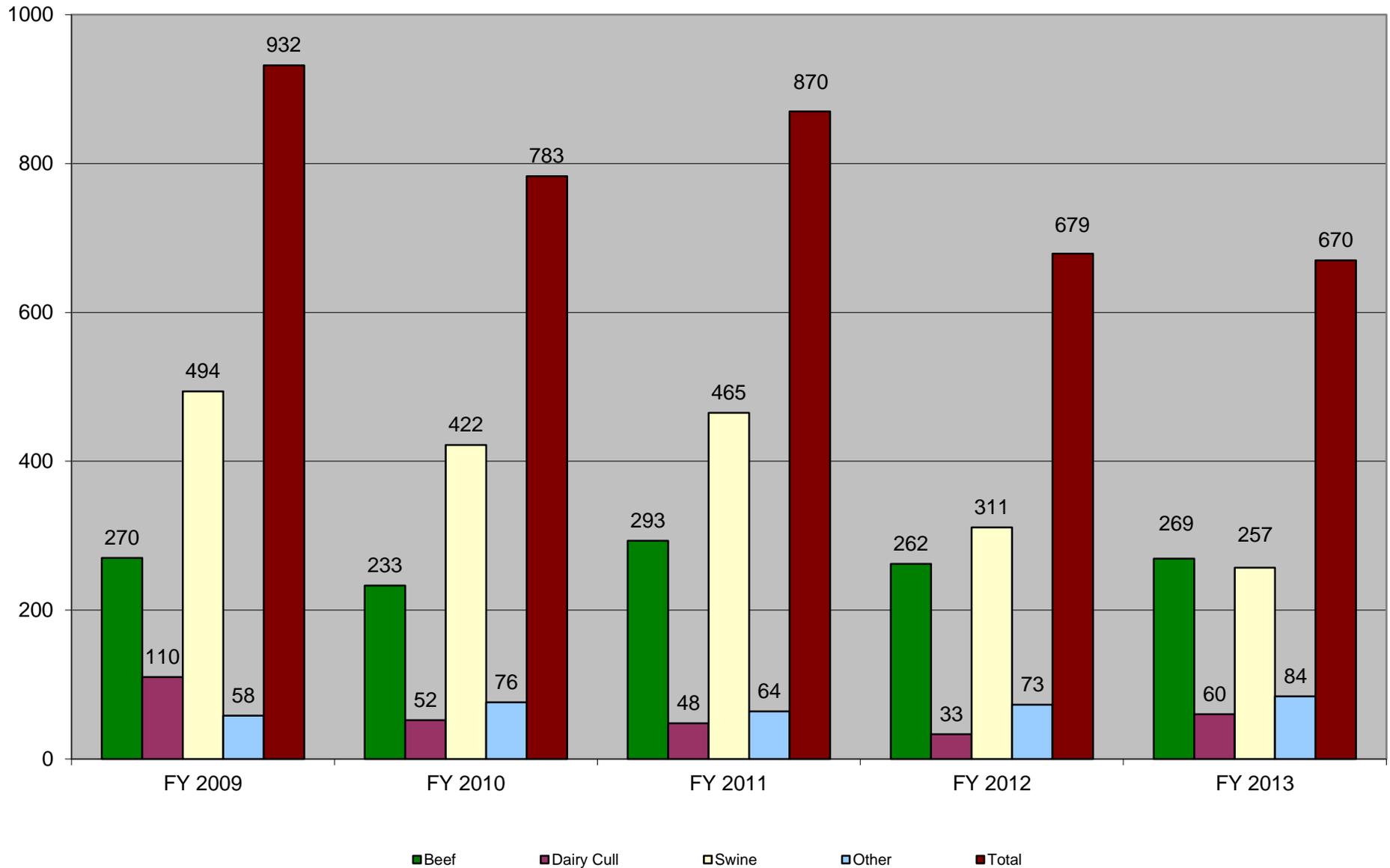
**Mt Mckinley Meat and Sausage
Revenue Trend
July 2004 - March 2013**



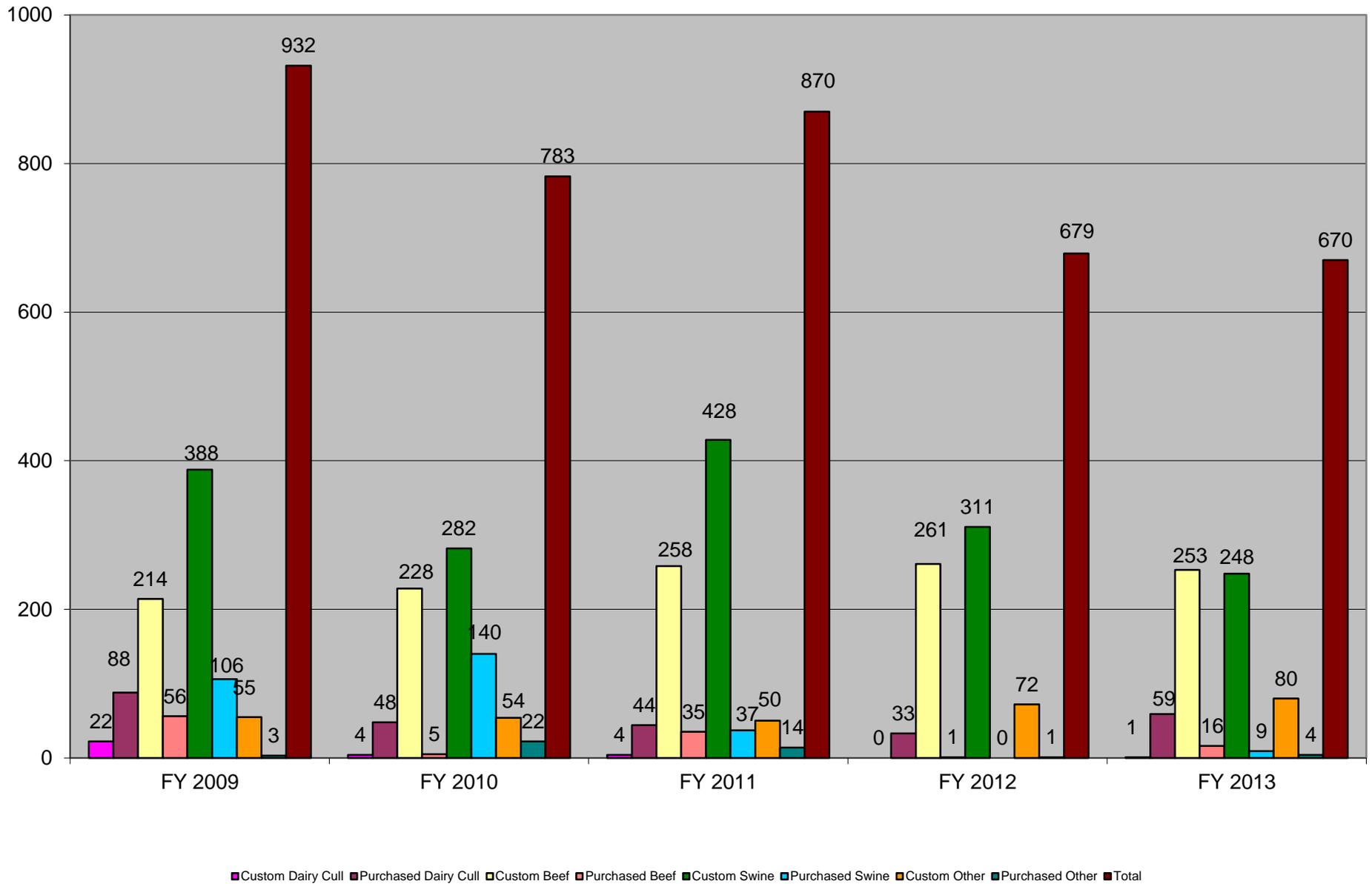
AGRICULTURAL REVOLVING LOAN FUND
Loan Activity Report / Undistributed Warrants
As of April 30, 2013 - FY 13

| Borrower | LO | Loan # | Date Approved | Note Date | Amount Approved | Warrants | | Available Balance | Amount Distributed to Borrower | Undistributed Warrants |
|------------------------------------|----|--------|---------------|-----------|---------------------|---------------------|----------|---------------------|--------------------------------|------------------------|
| | | | | | | Issued | # | | | |
| Williams, Thomas | 1 | F-5212 | 8/29/2012 | 9/7/2012 | 288,000.00 | 288,000.00 | 1 | 0.00 | 288,000.00 | 0.00 |
| Knopp, Paul | 1 | | 10/17/2012 | | 226,460.00 | | | | | |
| Note - did not need ARLF financing | | | | | (226,460.00) | | | | | |
| Havemeisters, Bob & Jean | 1 | S-5468 | 12/5/2012 | 3/5/2013 | 50,000.00 | 20,000.00 | 2 | 30,000.00 | 0.00 | 20,000.00 |
| East, Dulce & Michael | 1 | C-5267 | 4/9/2013 | 4/15/2013 | 20,000.00 | 20,000.00 | 1 | 0.00 | 20,000.00 | 0.00 |
| Hawks Farm & Garden Cent | 1 | S-5469 | 4/9/2013 | 4/15/2013 | 50,000.00 | 25,306.00 | 2 | 24,694.00 | 0.00 | 25,306.00 |
| Brost, Wayne & Veronica | 1 | S- | 4/9/2013 | | 100,000.00 | | | 100,000.00 | | |
| | | | | | | | | 0.00 | | 0.00 |
| TOTALS | | | | | \$508,000.00 | \$353,306.00 | 6 | \$154,694.00 | \$308,000.00 | \$45,306.00 |

MMM&S Slaughter Statistics by Fiscal Year and Type As of March 31, 2013 - FY13



**MMM&S Custom and Purchased Statistics by Fiscal Year
As of March 31, 2013 - FY13**



AGRICULTURAL REVOLVING LOAN FUND
Real and Personal Property Inventory
31-Mar-13

| Former Borrower/ Prospective New Owner | LO | Location | Acres | Date Placed in Service | Fair Market Value at Repossession | | | | Accum Dep. 6/30/2012 | Liabilities | | Lease Information | | | | Remarks | YR | Method | Fair Market Value | | Total Value | |
|--|----|----------|-------|------------------------------|-----------------------------------|----------------------------|---------------------------|------------------------------|----------------------------|----------------|--------------|-------------------|---------|----------|-------------|--|----|-----------|-------------------|---------------------|------------------|--------------------|
| | | | | | Land | Buildings | Mach/ Equip | Total Value | | Amt 6/30/12 | Owed To | Amount | Lessee | Lease # | Exp Date | | | | Inspect Date | Land/ Structures | | Improve- ments |
| Repossessed Inventory (account # 10626) | | | | | | | | | | | | | | | | | | | | | | |
| UNENCUMBERED ASSETS | | | | | | | | | | | | | | | | | | | | | | |
| Thompson, Kenai Spur Hwy | 1 | Kenai | 7 | 6/3/89 | 29,000.00 | | | 29,000.00 | | | | | | | 2012 | ARLF Sale OTC #11-01 | 12 | Tax Assmt | \$32,600 | NONE | \$32,600 | |
| Total Repossessed Inventory | | | | | <u>29,000.00</u> | | | <u>29,000.00</u> | | | | | | | | | | | | <u>32,600</u> | | <u>32,600</u> |
| Repossessed Property (Account # 10860 and Accum Depr # 10862) | | | | | | | | | | | | | | | | | | | | | | |
| UNENCUMBERED ASSETS | | | | | | | | | | | | | | | | | | | | | | |
| Feed Mill, Tract A-1 (10860) | 1 | Palmer | 3 | 4/1/84 | 129,120.00 | 14,040.00 | 14,400.00 | 157,560.00 | | | | | | | 2012 | ARLF OTC #09-01 | 13 | Tax Assmt | \$401,600 | | \$401,600 | |
| ASSETS with ASSOCIATED PERMITS | | | | | | | | | | | | | | | | | | | | | | |
| Mt. McKinley Meat | 1 | Palmer | 4 | 12/1/86 | 42,000.00 | 595,592.00 | 5,363.00 | 642,955.00 | 486,165.00 | | | | | | 2012 | No planned disposal | 13 | Tax Assmt | 429,200 | | 429,200 | |
| LONG TERM LEASES | | | | | | | | | | | | | | | | | | | | | | |
| Alaska Farm Coop | 1 | Delta | 20 | 9/3/93 | 94,080.00 | | | 94,080.00 | | | 0.50 /Yr | AK Farm C | LSE-021 | 6/30/18 | Apr-09 | FS: Hanson Rd/98% ownr | 05 | Est | \$30,000 | \$777,680 | \$807,680 | |
| Alaska Farm Coop | 1 | Delta | 1 | 9/3/93 | 74,480.00 | | | 74,480.00 | | | 0.50 /Yr | AK Farm C | LSE-022 | 6/30/18 | Apr-09 | FS: Delta/98% ownrshp | 05 | Est | 40,000 | 36,000 | 76,000 | |
| Sub-total Long Term Leases | | | | | \$168,560.00 | \$0.00 | \$0.00 | \$168,560.00 | \$0.00 | \$0.00 | | | | | | | | | | \$70,000 | \$813,680 | \$883,680 |
| LAND OWNED BY OTHER STATE AGENCIES - REVENUE RIGHTS ONLY | | | | | | | | | | | | | | | | | | | | | | |
| Umnak Slaughter Fac | 1 | Umnak Is | 6,598 | 1/1/07 | | 10,000.00 | | 10,000.00 | 6,885.00 | | 3,926.00 /Yr | BPR & ANI | 20043 | 12/31/31 | Jul-99 | Land owned by DOT, Bldg owned by ARLF | 05 | Est | | 50,000.00 | 50,000.00 | |
| Total - Repossessed Property | | | | | 339,680.00 | 619,632.00 | 19,763.00 | 979,075.00 | 493,050.00 | rounded | | | | | | | | | | 900,800 | 863,680 | 1,764,480 |
| GRAND TOTAL | | | | | <u>\$368,680.00</u> | <u>\$619,632.00</u> | <u>\$19,763.00</u> | <u>\$1,008,075.00</u> | <u>\$493,050.00</u> | | | | | | | | | | | \$933,400 | \$863,680 | \$1,797,080 |

| | |
|---|--|
| LEGEND | |
| FCP: Farm Conservation Plan | AMTA: Agriculture Marketing Transaction Act |
| CRP: Conservation Recovery Program | FS: Fee Simple |
| | RFP: Request for Proposal |

Subsidiary Ledger
ARLF - Machinery, Equipment, and Building Inventory
March 31, 2013

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 6/30/2012 | Location | Remarks |
|---------------------------------------|----|-----|----------------------|-----------------------|------------------------|-----------------------------|-------------------|----------------------|----------|---------|
| | | | | | | Each | Total | | | |
| Equipment, misc | 1 | | Feed Mill, Tract A-1 | 01-Apr-84 | 01-Apr-84 | 14,400.00 | 14,400.00 | | | |
| Subtotal Mach & Equip | | | | | | | 14,400.00 | | | |
| Building | 1 | 1 | Feed Mill, Tract A-1 | 01-Apr-84 | 01-Apr-84 | 14,040.00 | 14,040.00 | | | |
| Subtotal Building | | | | | | | 14,040.00 | | | |
| Total Feed Mill, Tract A-1 | | | | | | 28,440.00 | | | | |
| Mt McKinley Meats | | | | | | | | | | |
| Compressor | 1 | 1 | Mt. McKinley Meats | 19-Aug-97 | 01-Oct-97 | 5,363.00 | 5,363.00 | 5,363.00 | | |
| Subtotal Mach & Equip | | | | | | | 5,363.00 | 5,363.00 | | |
| Building | 1 | 1 | Mt. McKinley Meats | 01-Dec-86 | 01-Dec-86 | 326,600.00 | 326,600.00 | 326,600.00 | | |
| Boiler upgrade | 1 | 1 | Mt. McKinley Meats | 01-May-97 | 01-Oct-97 | 15,000.00 | 15,000.00 | 9,000.00 | | |
| Boiler upgrade | 1 | 1 | Mt. McKinley Meats | 25-Aug-97 | 01-Oct-97 | 41,236.40 | 41,236.40 | 24,741.82 | | |
| Boiler upgrade | 1 | 1 | Mt. McKinley Meats | 01-Nov-97 | 01-Feb-98 | 48,931.70 | 48,931.70 | 29,359.07 | | |
| Boiler upgrade | 1 | 1 | Mt. McKinley Meats | 01-Feb-98 | 01-Feb-98 | 8,849.90 | 8,849.90 | 5,309.98 | | |
| Boiler upgrade | 1 | 1 | Mt. McKinley Meats | 30-Jun-03 | 30-Jun-03 | 4,974.00 | 4,974.00 | 1,790.84 | | |
| Roof | 1 | 1 | Mt. McKinley Meats | 30-Sep-98 | 01-Oct-98 | 150,000.00 | 150,000.00 | 84,000.00 | | |
| Subtotal Building | | | | | | | 595,592.00 | 480,801.72 | | |
| Total Mt. McKinley Meats | | | | | | 600,955.00 | | 486,164.72 | | |
| Umnak Slaughter Facility | | | | | | | | | | |
| Building | 1 | 1 | Umnak Sightr Fac. | 01-Mar-95 | 01-Mar-95 | 10,000.00 | 10,000.00 | 6,885.00 | | |
| Subtotal Building | | | | | | | 10,000.00 | 6,885.00 | | |
| Total Umnak Slaughter Facility | | | | | | 10,000.00 | | 6,885.00 | | |
| Total Accumulated Depreciation | | | | | | | | 493,050 | | |