

AGRICULTURAL REVOLVING LOAN FUND

Notes to Financial Statements for Fiscal Year ending June 30, 2011

Comparative Balance Sheet

1. ARLF Loans Receivable increased to \$12,454,998 compared with \$11,452,505 in FY10.
2. ARLF Cash decreased to \$4,558,620 in comparison with \$4,653,390 on June 30, 2010.
3. Decrease in the Creamery Corporation equity is (\$2,457).
4. Fund's Equity increased by \$163,883.

Statement of Revenues, Expenses, and Changes in Fund Equity

1. \$633,554 was recorded as Interest Income. For comparison, Interest Income in FY10 was \$579,507.
2. \$714,875 was recorded as Total Operating Revenues. (\$390,187) was recorded as Total Operating Expenses. \$324,688 was recorded as Net Operating Income. For comparison, in FY10 \$1,233,494 was recorded as Total Operating Revenues. (\$348,925) was recorded as Total Operating Expenses. \$884,568 was recorded as Net Operating Income. The higher numbers in FY10 were a result of \$600,000 Creamery Corporation appropriation to ARLF.
3. Mt. McKinley Meat and Sausage Plant revenues were recorded at \$1,211,857 and expenses were recorded at (\$1,333,787).
4. (\$121,930) is Mt. McKinley Meat and Sausage Plant Loss for Fiscal Year 2011.
5. For comparison, FY10 Mt. McKinley Meat and Sausage Plant revenues were recorded at \$1,068,493 and expenses were recorded at (\$1,197,443). (\$128,950) was Mt. McKinley Meat and Sausage Plant Loss for FY10.
6. (\$160,805) was recorded as total Non-Operating Loss.
7. Fund Equity at the end of Fiscal Year 2011 was \$22,726,980.

AGRICULTURAL REVOLVING LOAN FUND
Comparative Balance Sheet
June 30, 2011, 2010, 2009, 2008, 2007

<u>ASSETS</u>	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	<u>LIABILITIES</u>	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
Current Assets						Short Term Liabilities					
Cash	-1- \$ 4,558,620	\$ 4,653,390	\$ 5,864,683	\$ 5,009,555	\$ 4,278,591	Warrants Outstanding	114,842	1,246	13,271.00	-	-
Receivables						Accounts Payable	-	-			
ARLF Loans	12,454,998	11,452,505	9,966,338	9,095,987	9,551,922	Accrued Payables	202,010	146,278	167,485	166,722	52,816
Land Sale Contracts	1,441,696	1,507,079	1,332,739	1,359,172	1,534,638	Accrued Vacation Leave	30,705	29,422	35,585	117,427	56,843
Notes Receivable	70,149	79,802	143,614	157,482	172,108	Trust Account	-	62,275	1,531,822	-	-
Judgments	123,800	123,800	-	-	-						
Accrued Interest	-2- 108,895	107,239	87,394	87,676	118,300	Total Short Term Liabilities	347,557	239,221	1,748,163	284,149	109,659
Accrued Penalties	-2- 8,974	912	789	520	-						
Leases/Accounts Receivable	-2- -	-	-	-	6,503	Due to Other Funds					
Protection of Collateral	-	-	-	-	2,296	Due to General Fund	-5- (1,044,421)	(1,044,421)	1,106,525	1,081,784	1,119,349
Less Allowances:						Allow for AFC stock	-5- 1,080,817	1,044,421	(1,044,421)	(1,044,421)	(1,044,421)
Doubtful Accounts	-3- (123,800)	(123,800)	-	-	-	Due to School Fund	-5- -	-	-	-	-
Net Receivables	14,084,712	13,147,538	11,530,873	10,700,836	11,385,767						
Outstanding Loan Warrants	75,025	-	24,990	134,598	-	Total Due to Other Funds	36,397	-	62,104.86	37,363.43	74,928.28
Repossessed Inventory	29,000	29,000	29,000	29,000	29,000						
Total Current Assets	18,747,357	17,829,928	17,449,546	15,873,989	15,693,358	Long Term Liabilities					
Due from Other Funds						Accrued Pension Adjustment	-	-	-	42,941	43,593
Due from GF	-	569,939	-	-	-	Total Long Term Liabilities	-	-	-	42,941	43,593
Due from Mental Health	-	-	-	-	-	TOTAL LIABILITIES	383,953	239,221	1,810,268	364,454	228,180
Total Due from Other Funds	-	569,939	-	-	-						
Other Assets						FUND EQUITY					
Investments:	-4-					Fund Equity, Beginning	-6- 22,563,097	20,065,643	21,598,249	23,098,896	25,352,119
Alaska Farmers Coop	2,787,153	2,787,153	2,787,153	2,787,153	2,787,153	Current Year Earnings (Loss)	163,883	2,497,454	(1,532,606)	(1,500,647)	(2,203,695)
Mat Maid	990,275	992,732	871,227	2,493,250	4,054,273						
Repossessed Property	1,299,075	1,299,075	1,408,075	1,408,075	1,409,075	TOTAL FUND EQUITY	22,726,980	22,563,097	20,065,643	21,598,249	23,148,424
Less Accum. Deprec	(712,927)	(676,509)	(640,091)	(603,673)	(567,255)						
Other Assets	-	-	-	3,909	-						
Net Other Assets	4,363,576	4,402,451	4,426,364	6,088,714	7,683,246	TOTAL LIABILITIES & FUND EQUITY	\$23,110,933	\$22,802,318	\$21,875,911	\$21,962,703	\$23,376,604
TOTAL ASSETS	\$23,110,933	\$22,802,318	\$21,875,911	\$21,962,703	\$23,376,604						

Footnotes:

- Cash for FY07 and FY08 is reduced by outstanding warrants.
- Adjustments to Accrued Interest, Accrued Penalties, and Leases Receivable are posted only on June 30.
- The Allowance for Doubtful Accounts applies only to the principal balance.
- Adjustments to record changes in Mat Maid's equity are posted only on June 30.
- 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.
- After close of FY07 and FY08 equity account adjusted by Department of Administration for compensated absences.

AGRICULTURAL REVOLVING LOAN FUND
Statement of Revenues, Expenses, and Changes in Fund Equity
For Fiscal Years ending June 30, 2011, 2010, 2009, 2008, 2007

	2011	2010	2009	2008	2007
Operating Revenues:					
Interest Income	\$633,554	\$579,507	\$538,327	\$543,119	\$564,858
Services (legal, clerical, loan fees, sale products)	12,837	1,550	60,505	3,094	450
Late Payment Penalties	13,649	4,008	2,762	4,213	5,334
Rents, including leasehold credits	20,726	26,326	23,416	19,590	23,640
CRP Revenue	-	-	-	-	-
Uncollectible Amounts Recovered	-	-	-	-	-
Recovery of Expenses	-	-	39,032	-	-
Fines & Forfeitures	-	-	-	-	-
Transfers in from Other Funds	34,108	622,102	44,528	35,999	-
Sale of Assets	-	-	-	-	-
Total Operating Revenues	714,875	1,233,494	708,570	606,016	594,282
Operating Expenses:					
Personal Services	229,550	191,461	227,314	120,968	139,262
Travel	8,390	6,682	7,885	3,215	32,066
Contractual Services	150,392	145,680	216,787	238,217	147,257
Supplies	1,854	5,102	5,823	8,248	4,033
Capital Outlay	-	-	-	-	-
Total Operating Expenses	390,187	348,925	457,808	370,649	322,619
Net Operating Income (Loss)	324,688	884,568	250,763	235,367	271,663
Non-Operating Income (Expenses):					
Mt. McKinley Meat Plant Revenues	1,211,857	1,068,493	1,034,168	1,086,632	1,214,706
Mt. McKinley Meat Plant Expenses	(1,333,787)	(1,197,443)	(1,159,096)	(1,221,198)	(1,364,119)
Mt. McKinley Meat Plant Net Income (Loss)	(121,930)	(128,950)	(124,928)	(134,566)	(149,412)
Income (Loss) Investment in Mat Maid	(2,457)	1,653,254	(1,622,023)	(1,561,023)	(918,043)
Gain / (Loss) on Sale of Fixed Assets	-	125,000	-	(200)	(539,875)
Bad Debt	-	-	-	(2,302)	5
Depreciation	(36,418)	(36,418)	(36,418)	(36,418)	(36,418)
Total Non-Operating Income (Expenses)	(160,805)	1,612,886	(1,783,369)	(1,734,510)	(1,643,744)
NET ARLF INCOME (LOSS)	163,883	2,497,454	(1,532,606)	(1,499,143)	(1,372,081)
Division Expend/Prior Year Appropriation Expend	-	-	-	(1,505)	(831,615)
Current Period Earnings (Loss)	\$ 163,883	\$ 2,497,454	\$ (1,532,606)	\$ (1,500,647)	\$ (2,203,695)
Fund Equity, Beginning of Year	22,563,097	20,065,643	21,598,249	23,098,896	25,352,119
Prior Period Adjustments	-	-	-	-	-
Fund Equity, End of Year	\$ 22,726,980	\$ 22,563,097	\$ 20,065,643	\$ 21,598,249	\$ 23,148,424

AGRICULTURAL REVOLVING LOAN FUND
Comparative Loan Activity
Loans Approved in FY2000 through FY2011

12-Year History

Loan Type	FY 00				FY 01				FY 02			
	#Loans	%	Amount	%	#Loans	%	Amount	%	#Loans	%	Amount	%
Short Term	15	45%	\$1,121,000	65%	16	44%	\$1,494,000	50%	10	45%	\$995,000	61%
Chattel	11	33%	\$255,791	15%	11	31%	\$846,850	29%	8	36%	\$421,260	26%
Land Clearing	3	9%	\$135,850	8%	2	6%	\$37,750	1%	1	5%	\$29,500	2%
Irrigation	0	0%	\$0	0%	1	3%	\$39,000	1%	0	0%	\$0	0%
Product Processing	2	6%	\$131,175	8%	0	0%	\$0	0%	0	0%	\$0	0%
Farm Development	2	6%	\$76,500	4%	6	17%	\$543,500	18%	3	14%	\$192,000	12%
TOTAL	33	100%	\$1,720,316	100%	36	100%	\$2,961,100	100%	22	100%	\$1,637,760	100%
	increase from prior year			2%	increase from prior year			72%	decrease from prior year			-45%

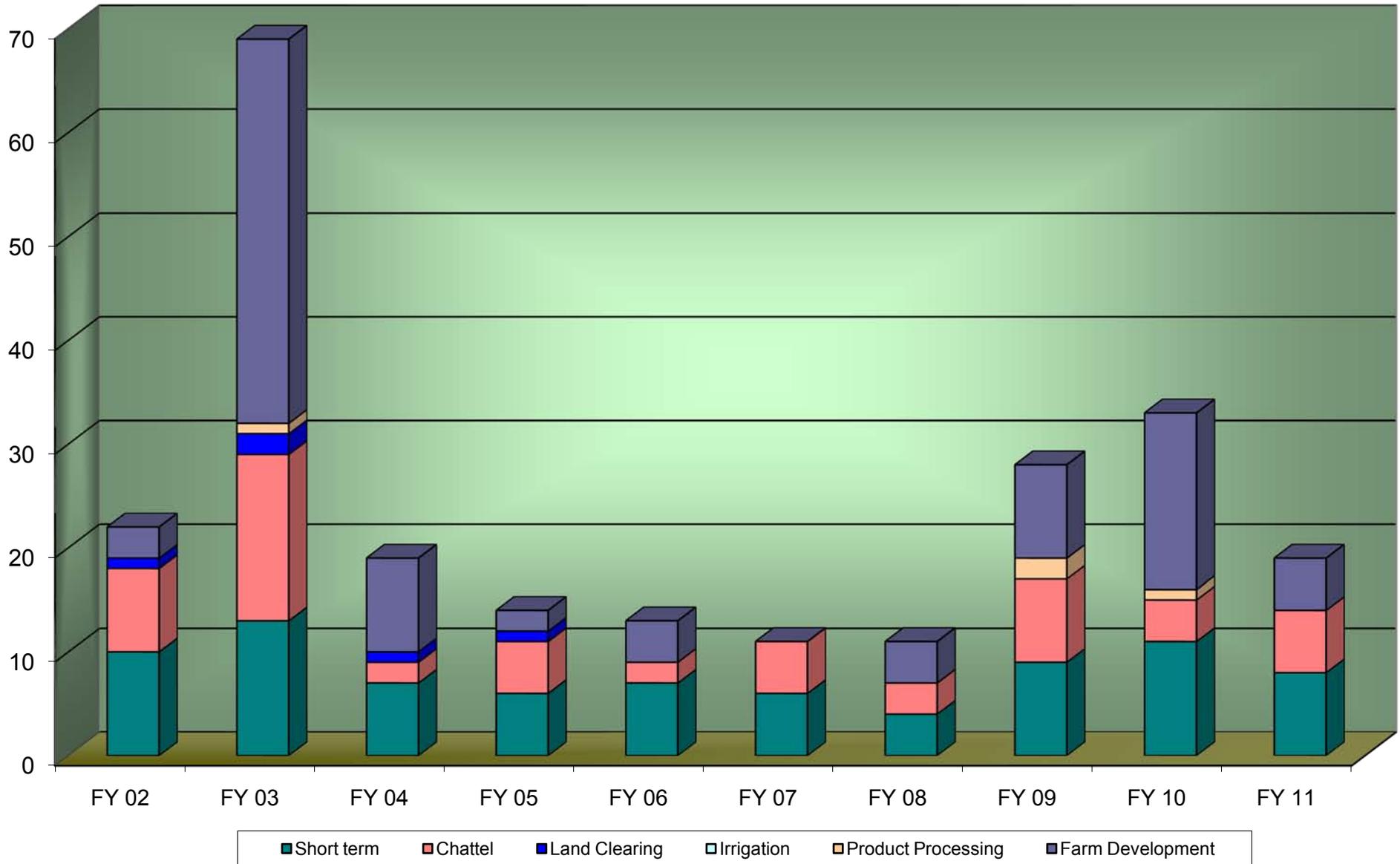
Loan Type	FY 03				FY 04				FY 05			
	#Loans	%	Amount	%	#Loans	%	Amount	%	#Loans	%	Amount	%
Short Term	13	19%	\$851,200	7%	7	37%	\$700,500	28%	6	43%	\$622,000	61%
Chattel	16	23%	\$1,017,300	9%	2	11%	\$57,500	2%	5	36%	\$222,400	22%
Land Clearing	2	3%	\$52,500	0%	1	5%	\$27,000	1%	1	7%	\$15,000	1%
Irrigation	0	0%	\$0	0%	0	0%	\$0	0%	0	0%	\$0	0%
Product Processing	1	1%	\$90,000	1%	0	0%	\$0	0%	0	0%	\$0	0%
Farm Development	37	54%	\$9,359,586	82%	9	47%	\$1,759,500	69%	2	14%	\$155,000	15%
TOTAL	69	100%	\$11,370,586	100%	19	100%	\$2,544,500	100%	14	100%	\$1,014,400	100%
	increase from prior year			594%	decrease from prior year			-78%	decrease from prior year			-60%

Loan Type	FY 06				FY 07				FY 08			
	#Loans	%	Amount	%	#Loans	%	Amount	%	#Loans	%	Amount	%
Short Term	7	54%	\$590,000	53%	6	55%	\$565,000	68%	4	36%	\$360,000	31%
Chattel	2	15%	\$75,000	7%	5	45%	\$269,500	32%	3	27%	\$145,900	13%
Land Clearing	0	0%	\$0	0%	0	0%	\$0	0%	0	0%	\$0	0%
Irrigation	0	0%	\$0	0%	0	0%	\$0	0%	0	0%	\$0	0%
Product Processing	0	0%	\$0	0%	0	0%	\$0	0%	0	0%	\$0	0%
Farm Development	4	31%	\$443,500	40%	0	0%	\$0	0%	4	36%	\$641,700	56%
TOTAL	13	100%	\$1,108,500	100%	11	100%	\$834,500	100%	11	100%	\$1,147,600	100%
	increase from prior year			9%	decrease from prior year			-25%	increase from prior year			38%

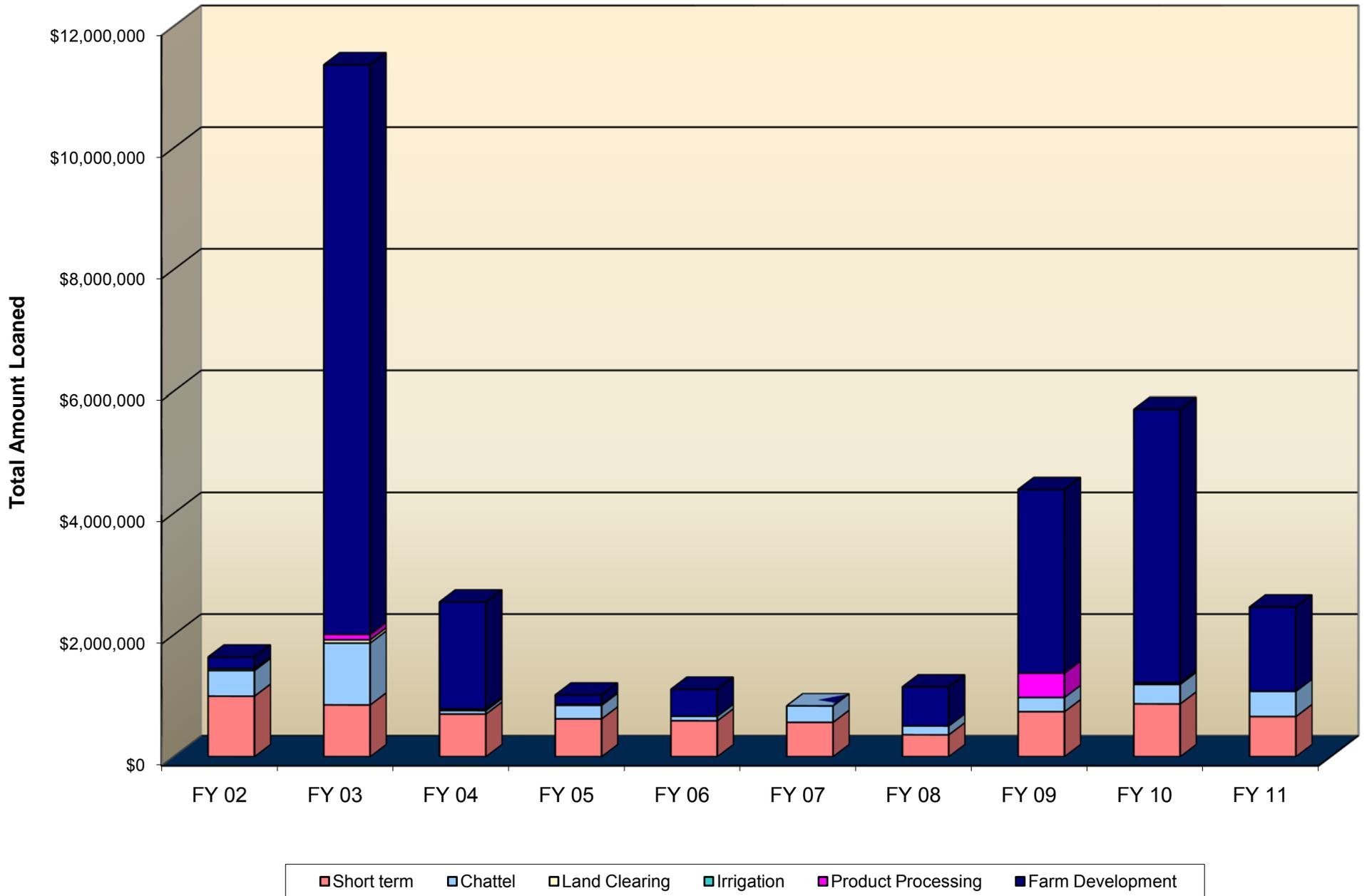
Loan Type	FY 09				FY 10				FY 11			
	#Loans	%	Amount	%	#Loans	%	Amount	%	#Loans	%	Amount	%
Short Term	9	32%	\$740,000	17%	11	33%	\$868,000	15%	8	42%	\$660,000	27%
Chattel	8	29%	\$233,800	5%	4	12%	\$320,650	6%	6	32%	\$415,000	17%
Land Clearing	0	0%	\$0	0%	0	0%	\$0	0%	0	0%	\$0	0%
Irrigation	0	0%	\$0	0%	0	0%	\$0	0%	0	0%	\$0	0%
Product Processing	2	7%	\$400,000	9%	1	3%	\$27,500	0%	0	0%	\$0	0%
Farm Development	9	32%	\$3,020,000	69%	17	52%	\$4,494,500	79%	5	26%	\$1,385,750	56%
TOTAL	28	100%	\$4,393,800	100%	33	100%	\$5,710,650	100%	19	100%	\$2,460,750	100%
	increase from prior year			283%	increase from prior year			30%	decrease from prior year			-57%

Note - Significant increase in FY09 and FY10 over previous years is a result of regulation changes allowing refinances and a lower rate of interest charged on new loans.

Comparative Loan Activity FY02 - FY11 by Number of Loans



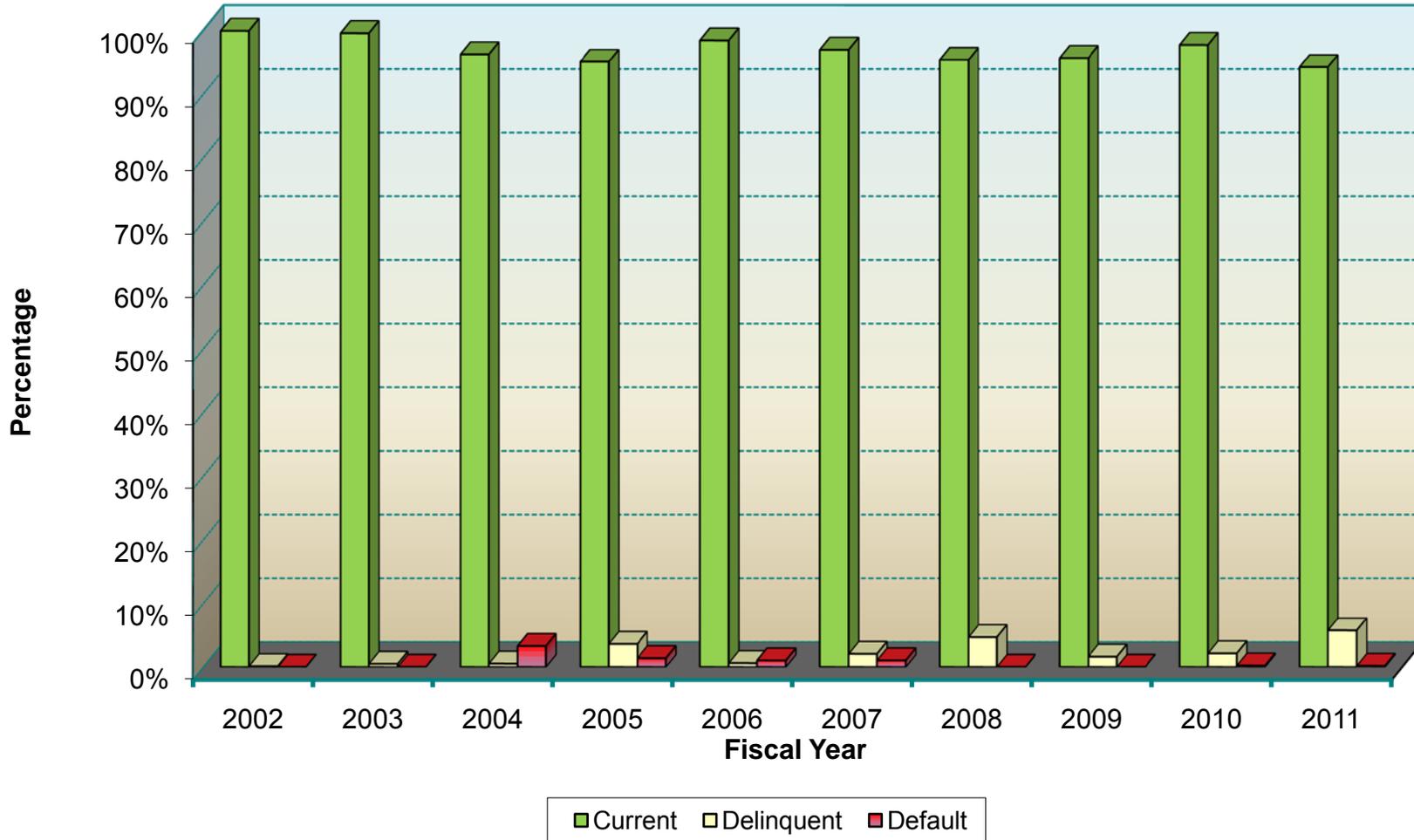
Comparative Loan Activity FY02 - FY11 by Loan Amounts



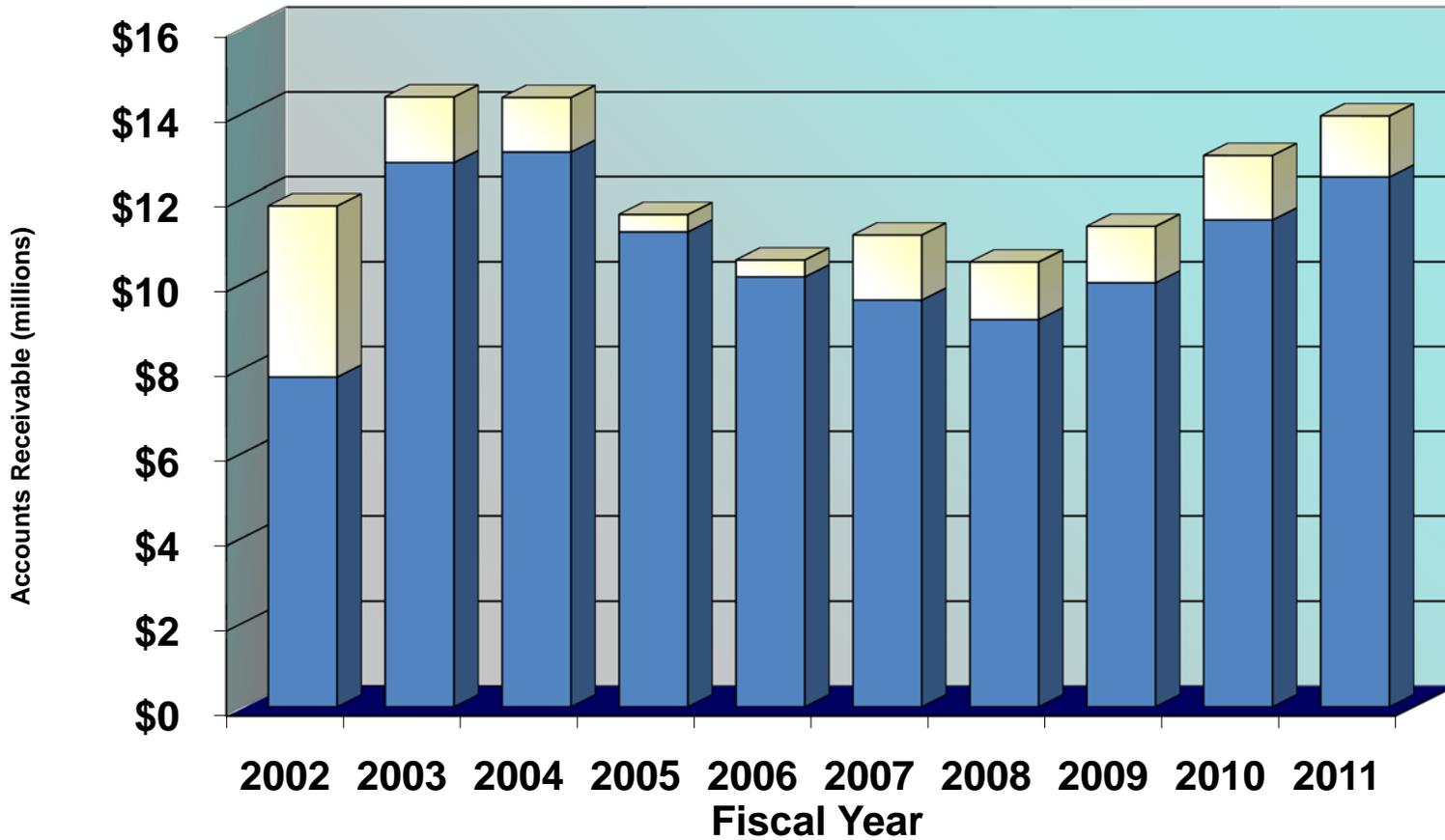
AGRICULTURAL REVOLVING LOAN FUND
Loan Activity Report / Undistributed Warrants
As of June 30, 2011 - FY 11

Borrower	LO	Loan #	Date Approved	Note Date	Amount Approved	Warrants		Available Balance	Amount Distributed to Borrower	Undistributed Warrants	
						Issued	#				
Longbrake	1	C-5258	7/8/2010	7/15/2010	55,000.00	55,000.00	2	0.00	55,000.00	0.00	
Wrigley Farms, LLC	1	C-5259	7/8/2010	9/15/2010	200,000.00	200,000.00	5	0.00	200,000.00	0.00	
Skidmore	1	C-5260	2/22/2011	3/1/2011	12,000.00	12,000.00	1	0.00	12,000.00	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	
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	
Williams	1	C-5263	5/5/2011	5/15/2011	64,000.00	64,000.00	2	0.00	64,000.00	0.00	
	6				415,000.00						
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	
Hecker	1	F-5200	8/25/2010	9/1/2010	411,000.00	411,000.00	8	0.00	411,000.00	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	
	5				1,385,750.00						
Hawks Farm & Garden Center, Inc	1	S-5452	2/22/2011	2/28/2011	70,000.00	25,277.50	2	0.00	25,277.50	0.00	
Alaska Chip Co., LLC	1	S-5453	2/22/2011	3/15/2011	40,000.00	38,135.71	6	0.00	38,135.71	0.00	
Gold Nugget Farms, Inc	1	S-5454	3/31/2011	4/1/2011	175,000.00	175,000.00	2	0.00	175,000.00	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	
Williams	1	S-5457	5/5/2011	5/15/2011	70,000.00	70,000.00	2	0.00	70,000.00	0.00	
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	
Brost	1	S-5459	5/5/2011	6/1/2011	105,000.00	70,250.00	2	34,750.00	70,250.00	0.00	
	8				660,000.00						
								0.00		0.00	
								0.00		0.00	
Total Loans 19					TOTALS	\$2,460,750.00	\$2,347,326.44	51	\$66,836.77	\$2,347,326.44	\$0.00

ARLF Loan Portfolio Loan Status Ratios - % of Principal Balance



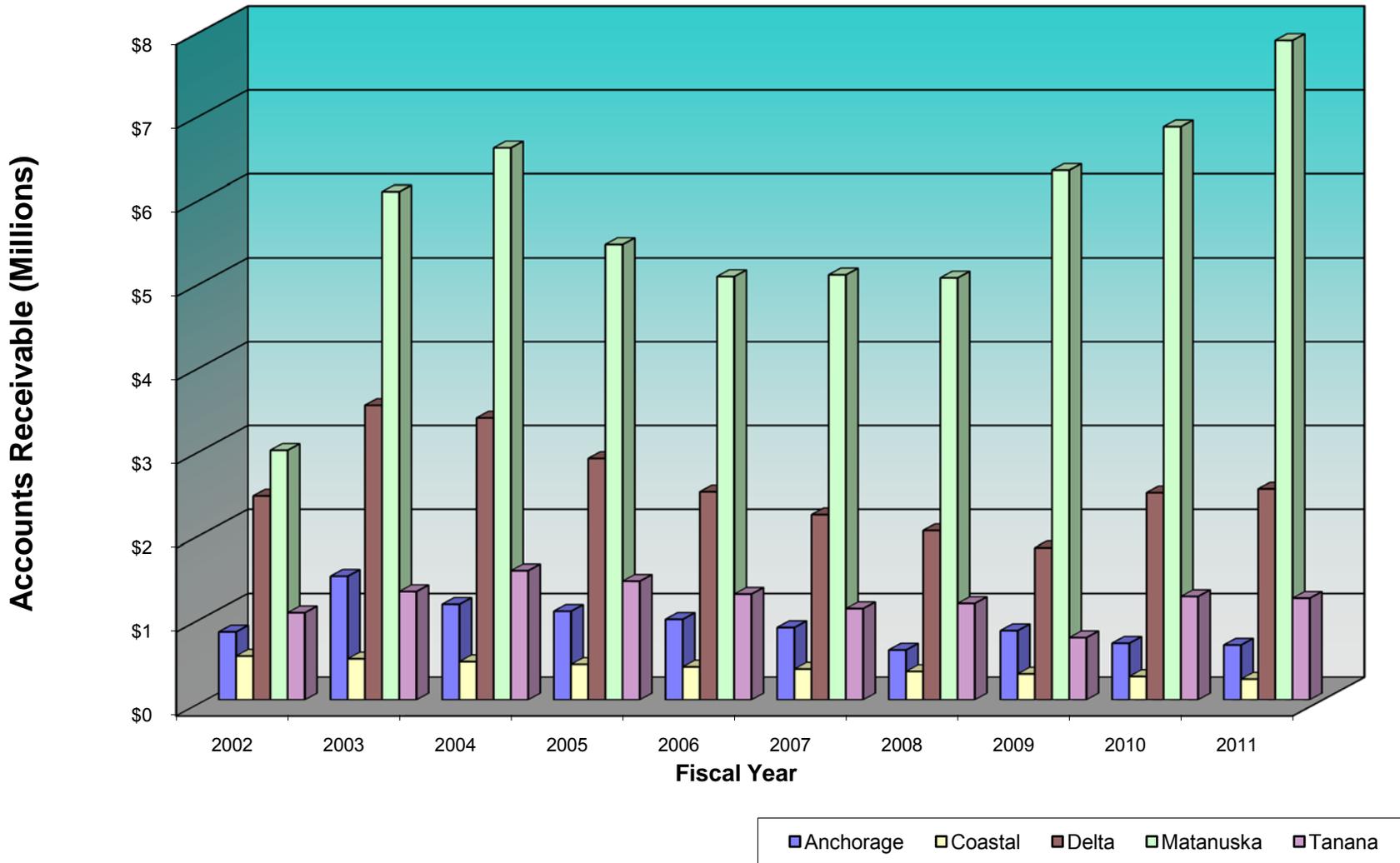
ARLF Resume Balance by Year



NOTE: FY03 regulatory changes allowing ARLF refinances and lower interest rates, resulted in less contract financing.

Accounts Receivable
 Land Sale Contracts

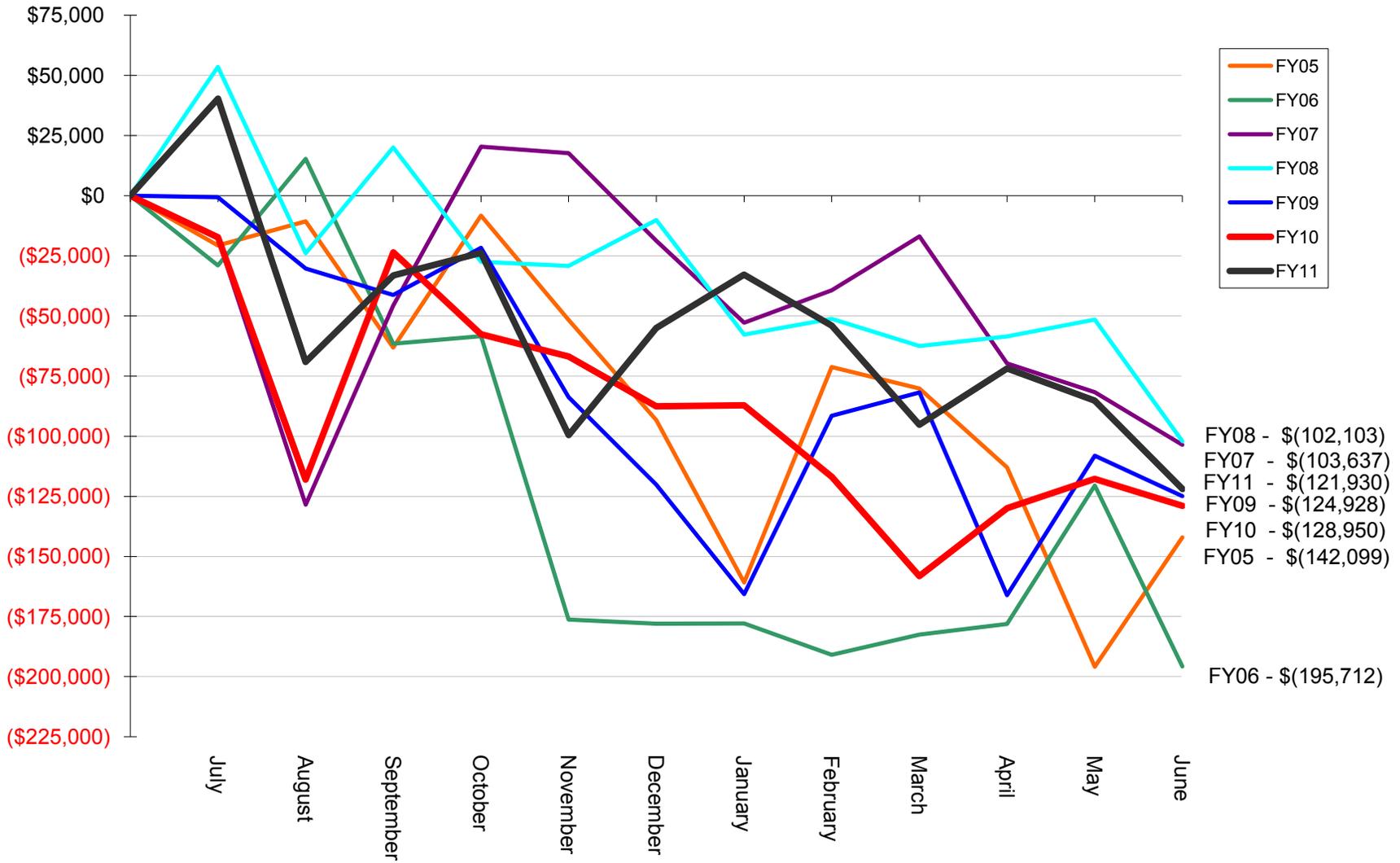
ARLF Resume by Region



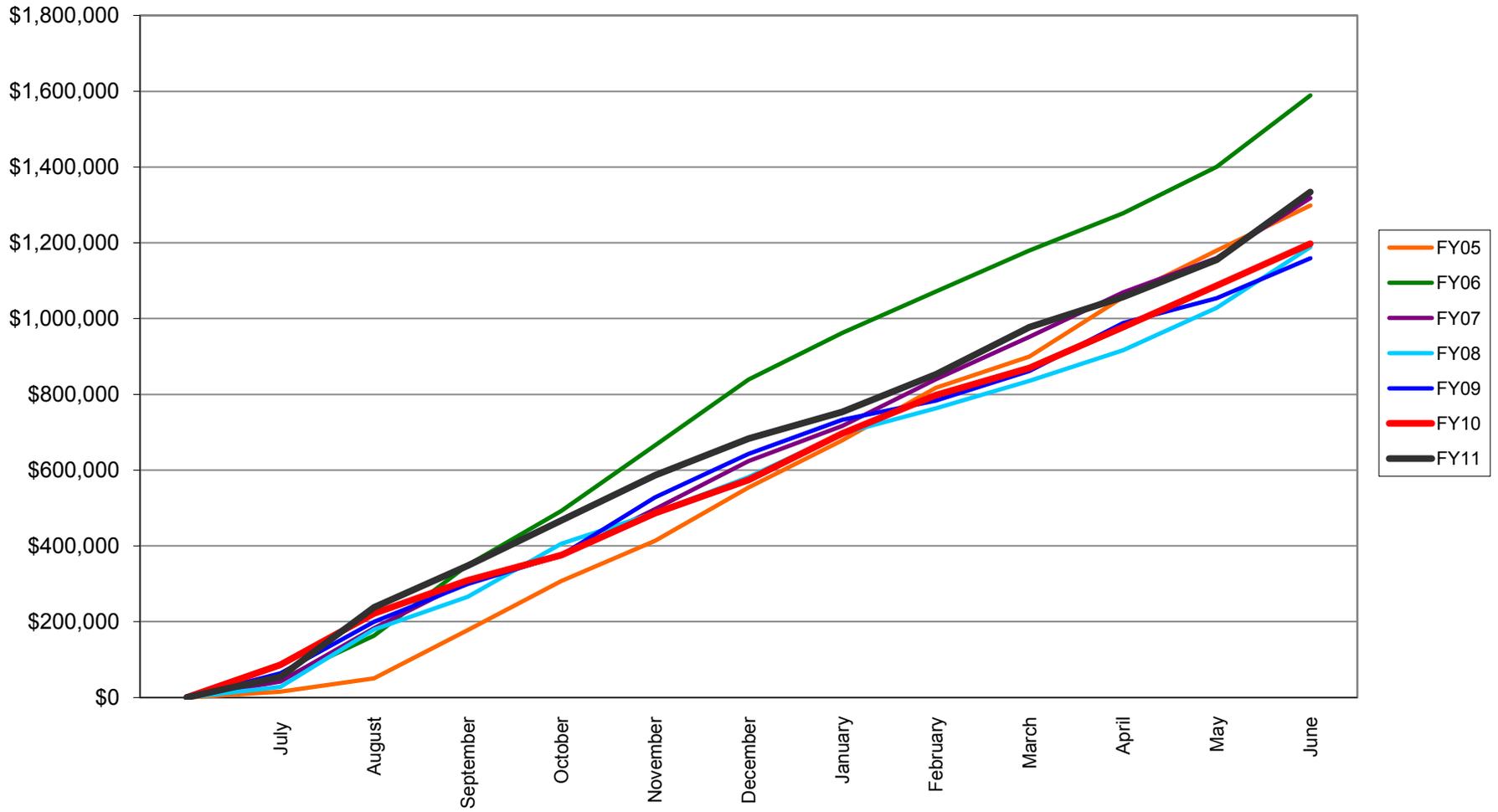
**Mt McKinley Meat and Sausage
 AGRICULTURAL REVOLVING LOAN FUND
 Statement of Revenues and Expenses
 For Month ending June 30, 2011**

	June	Fiscal Year-to-Date
Revenues:		
Services	\$ 13,177	\$ 113,730
Sale of Products	127,134	1,088,606
Freight	1,217	9,521
Total Revenues	\$ 141,527	\$ 1,211,857
 Expenses:		
Personal Services	\$ 41,478	\$ 311,345
Travel	-	-
Contractual Services	34,831	157,296
Commodities	101,979	865,146
Total Expenses	\$ 178,289	\$ 1,333,787
Net Earnings / (Loss)	\$ (36,762)	\$ (121,930)

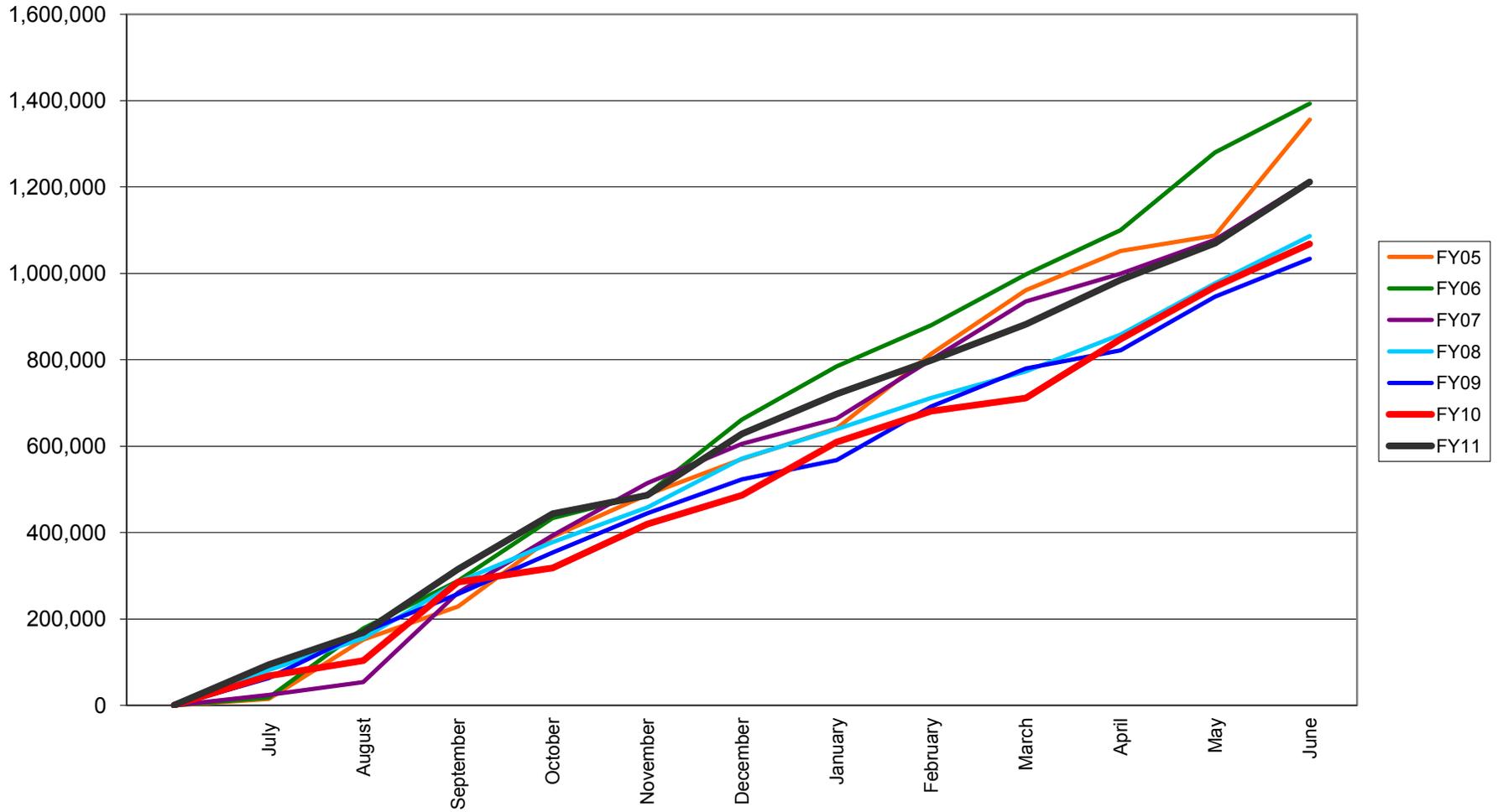
**Mt. Mckinley Meat and Sausage
Income(Loss)
FY 2005 - FY 2011**



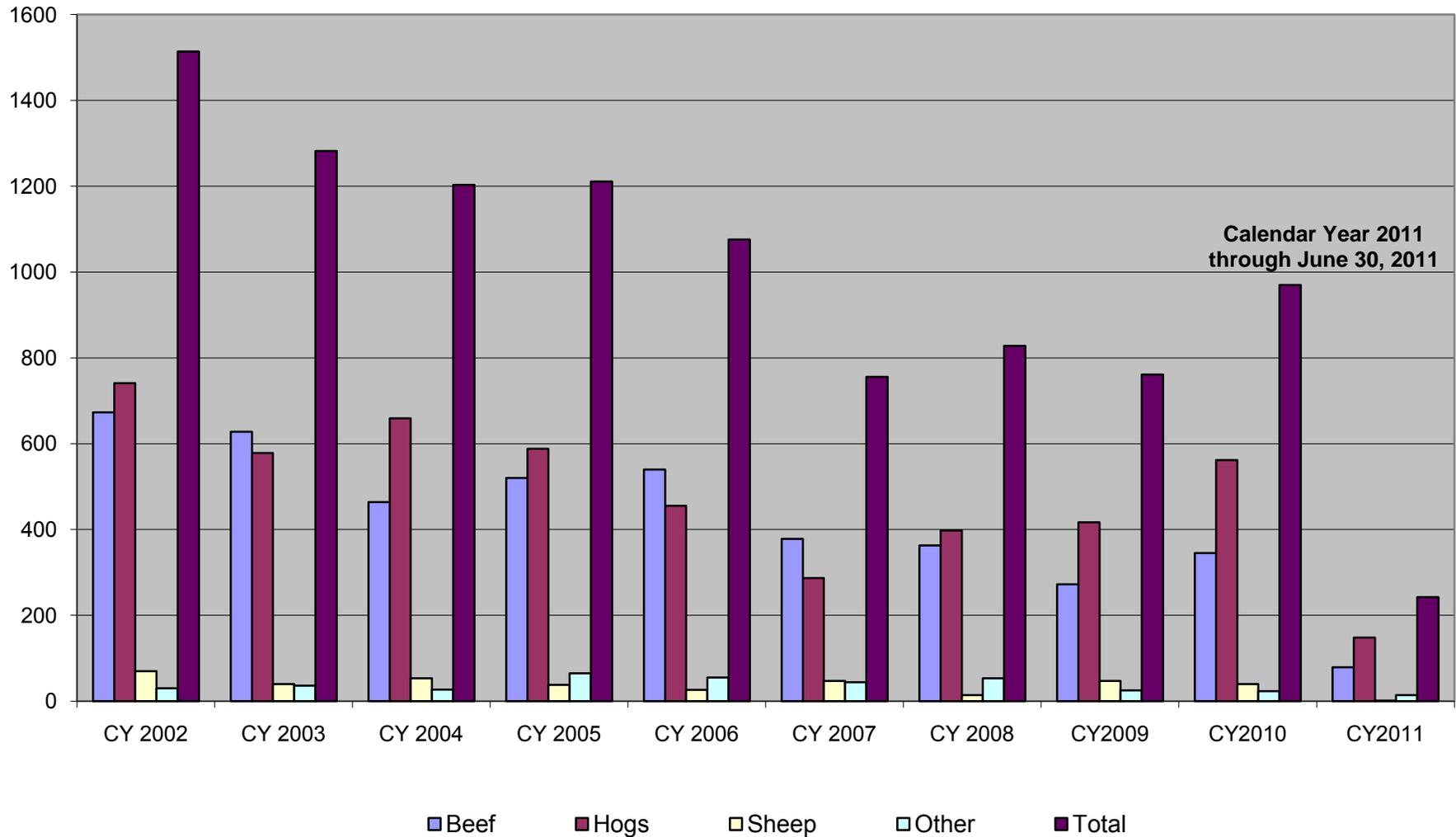
**Mt McKinley Meat and Sausage
Cumulative Expenses
July 2004 - June 2011**



Mt Mckinley Meat and Sausage Revenue Trend July 2004 - June 2011



MMM&S Slaughter Statistics by Calendar Year and Type As of June 30, 2011



AGRICULTURAL REVOLVING LOAN FUND
Fiscal Summary

FISCAL YEAR	APPROPRIATION		INCEPTION TO DATE TOTAL	STATUTORY AUTHORIZATION AND CHANGES
	ADDITION	WITHDRAWAL		
1953	\$200,000		\$200,000	Fund created; authorized up to \$1,000,000 short-term loans not to exceed \$2,000 for 1-year terms at 6%; chattel loans not to exceed \$10,000 for 5-year terms at 5%; farm development loans not to exceed \$15,000 for up to 20-year terms at 4.5%
1955	150,000		350,000	Farm development limit raised to \$20,000 maximum
1957	125,000		475,000	
1959	100,000		575,000	
1960	75,000		650,000	
1961	200,000		850,000	Authorized fund increased to \$2,000,000; short-term limit raised to \$5,000; chattel limit raised to \$25,000; farm development limit raised to \$40,000
1962	200,000		1,050,000	
1964				Authorized to utilize TR and PER Funds
1966	45,000		1,095,000	Short-term limit raised to \$10,000; chattel limit raised to \$40,000 for 7 years at 6%; farm development limit raised to \$50,000 for 30 years at 5%
1967	45,000		1,140,000	Short-term limit raised to \$15,000; farm development limit raised to \$75,000 at 6%
1968	300,000		1,440,000	
1969	100,000		1,540,000	
1970	500,000 800,000		2,840,000	Special irrigation fund established with up to 20 years at 4%; chattel limits raised to \$100,000; farm development limit raised to \$150,000; authority to sell loans to Dept of Revenue Authorized fund increased to \$5,000,000
1971	200,000		3,040,000	Agreement with Commissioner for sale/purchase of loans @ 0.5% service fee
1975	200,000		3,240,000	Short-term limit raised to \$25,000; farm development loans @ 6%
1976	200,000		3,440,000	Farm development limit raised to \$200,000
1977	200,000		3,640,000	Loan Board re-established

AGRICULTURAL REVOLVING LOAN FUND
Fiscal Summary

FISCAL YEAR	APPROPRIATION		INCEPTION TO DATE TOTAL	STATUTORY AUTHORIZATION AND CHANGES
	ADDITION	WITHDRAWAL		
1978	400,000		4,040,000	Irrigation loans @ 6%
1979	200,000		4,240,000	Farm development limit raised to \$500,000; chattel limit raised to \$300,000; short-term limit raised to \$100,000 AS 03-10-030(e) 15-day delinquency; 7% penalty; AS 03.10.035 Use or Disposal of Mortgaged Farm Land
1980	4,000,000 6,800,000	(1,200,000)	13,840,000	\$1.2 million taken for fire fighting AS 03.10.030(f) Product processing loans with \$2,500,000 limit; repeal authority to sell loans
1981	6,160,000 8,500,000		28,500,000	
1982	14,000,000		42,500,000	
1983	10,000,000		52,500,000	
1984	10,000,000		62,500,000	Appropriated \$1 million for Grain Reserve Loan Program
1985	5,000,000		67,500,000	
1986	2,500,000		70,000,000	
1988		(6,762,000)	63,238,000	AS 03.10.050 Good Borrower Credit program instituted; AS 03.10.033 Restructure of agricultural debt
1989		(1,462,000) (460,314)	61,315,686	\$460,314 in GF expenditures paid by ARLF
1990		(1,000,000) (253,888)	60,061,797	Moratorium on loans - Delta Area \$253,888 in GF expenditures paid by ARLF
1993		(180,500)	59,881,297	\$180,500 in GF expenditures paid by ARLF
1994		(180,900)	59,700,397	\$180,900 in GF expenditures paid by ARLF
1995		(203,361)	59,497,036	\$203,361 in GF expenditures paid by ARLF
1996		(455,487)	59,041,549	\$455,487 in GF expenditures paid by ARLF
1997		(1,110,730)	57,930,818	\$1,110,730 in GF expenditures paid by ARLF

AGRICULTURAL REVOLVING LOAN FUND
Fiscal Summary

FISCAL YEAR	APPROPRIATION		INCEPTION TO DATE TOTAL	STATUTORY AUTHORIZATION AND CHANGES
	ADDITION	WITHDRAWAL		
1998		(951,222)	56,979,596	Moratorium on loans affected by Mt. McKinley Meat Plant fire \$951,222 in GF expenditures paid by ARLF
1999		(910,302)	56,069,294	\$910,302 in GF expenditures paid by ARLF
2000		(899,501)	55,169,793	\$899,501 in GF expenditures paid by ARLF
2001		(1,055,916)	54,113,877	\$1,055,916 in GF expenditures paid by ARLF
2002		(1,163,478)	52,950,399	\$1,163,478 in GF expenditures paid by ARLF
2003		(1,056,783)	51,893,616	\$1,056,783 in GF expenditures paid by ARLF
2004		(1,436,874)	50,456,743	\$1,436,874 in GF expenditures paid by ARLF
2005		(649,743)	49,806,999	\$649,743 in GF expenditures paid by ARLF
2006		(860,680)	48,946,320	\$860,680 in GF expenditures paid by ARLF
2007		(831,615)	48,114,705	\$831,615 in GF expenditures paid by ARLF
2008		(1,505)	48,113,201	\$1,505 in GF expenditures paid by ARLF (FY07 Appropriation expended in FY08)
2009		-	48,113,201	No GF expenditures paid by ARLF
2010	600,000	-	48,113,201	\$600,000 Creamery Corporation appropriation to ARLF. No GF expenditures paid by ARLF
2011		-		No GF expenditures paid by ARLF
TOTAL	71,800,000	(23,086,799)	48,713,201	

(12,662,799) Total GF Expenditures from 1989

NOTE: If the fiscal year is not shown it means that there were no appropriations for that particular year and there were no GF expenditures paid by ARLF for that year.