

# **AGRICULTURAL REVOLVING LOAN FUND**

## **Notes to Financial Statements for August, 2012 - FY13**

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

1. \$37,322 was recorded as Interest Income. Total Interest Income for July 2012 through August 2012 is \$84,484.
2. \$(15,897) was recorded as ARLF operating expenses.
3. Net Operating Income was \$23,620.  
Mt. McKinley Meat and Sausage Plant Loss for the period (Non-Operating Activity) was recorded at \$(14,019).

### **Comparative Balance Sheet**

1. \$4,884,874 was ARLF Cash balance on August 31, 2012. For comparison, ARLF Cash balance on August 31, 2011 was \$4,621,925.
2. \$13,159,348 was ARLF Loans Receivable account balance. For comparison, ARLF Loans Receivable balance on August 31, 2011 was \$12,403,165.

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

1. \$190,991 was recorded as Total Revenues for the month.
2. \$(205,010) was recorded as Total Expenses for the month.
3. Fiscal Year-to-Date Loss is \$(63,003).

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

1. \$288,000 is the total amount of loans approved since the beginning of Fiscal Year 2013 through October 8, 2012.

**AGRICULTURAL REVOLVING LOAN FUND**  
**Statement of Revenues, Expenses, and Changes in Fund Equity**  
**For Month ended August 31, 2012**

	August	Fiscal Year to Date
<b>Operating Revenues</b>		
Interest Income	\$ 37,322	\$ 84,484
Services (legal, clerical, loan fees, sale products)	-	100
Late Payment Penalties	796	1,126
Rents, including leasehold credits	1,400	4,200
CRP Revenue	-	-
Uncollectible Amounts Recovered	-	-
Recovery of Expenses	-	-
Fines & Forfeitures	-	-
Transfers in from Other Funds	-	-
Sale of Assets	-	-
<b>Total Operating Revenues</b>	<b>39,518</b>	<b>89,911</b>
<b>Operating Expenses:</b>		
Personal Services	12,478	17,390
Travel	1,238	1,598
Contractual Services	1,586	7,346
Commodities	595	595
<b>Total Operating Expenses</b>	<b>15,897</b>	<b>26,930</b>
<b>Net Operating Income (Loss)</b>	<b>23,620</b>	<b>62,980</b>
<b>Non-Operating Income (Expenses):</b>		
MMM&S Revenues	190,991	255,853
Mt. McKinley Meat & Sausage Plant	(205,010)	(318,856)
Mt. McKinley Meat & Sausage Plant Net Income (loss)	<b>(14,019)</b>	<b>(63,003)</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>(14,019)</b>	<b>(63,003)</b>
<b>Current Period Earnings (Loss)</b>	<b>9,601</b>	<b>(23)</b>
<b>Fund Equity, June 30, 2012</b>		<b>\$22,864,474</b>
<b>Fund Equity, August 31, 2012</b>		<b>\$22,864,451</b>

**AGRICULTURAL REVOLVING LOAN FUND**  
**Comparative Balance Sheet**  
**August 31, 2012**

<b><u>ASSETS</u></b>	<b><u>August 2012</u></b>	<b><u>July 2012</u></b>	<b><u>LIABILITIES</u></b>	<b><u>August 2012</u></b>	<b><u>July 2012</u></b>
<b>Current Assets</b>			<b>Short Term Liabilities</b>		
Cash	\$ 4,884,874	\$ 4,857,115	Warrants Outstanding	\$ 14,713	\$ 19,852
Receivables			Accounts Payable	22,230	-
ARLF Loans	13,159,348	13,150,360	Accrued Payables	134,621	134,621
Land Sale Contracts	1,346,093	1,348,927	Accrued Vacation Leave	41,291	41,291
Notes Receivable	54,922	54,922	Trust Account	-	-
Judgments	-	-			
Accrued Interest	-1- 118,472	118,472	<b>Total Short Term Liabilities</b>	<b>212,855</b>	<b>195,764</b>
Accrued Penalties	-1- 2,493	2,493			
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- -	-	Due to School Fund	-4- -	-
Net Receivables	14,681,328	14,675,174	<b>Total Due to Other Funds</b>	<b>0.00</b>	<b>0.00</b>
Outstanding Loan Warrants	100,760	107,981			
Repossessed Inventory	29,000	29,000	<b>Long Term Liabilities</b>		
<b>Total Current Assets</b>	<b>19,695,962</b>	<b>19,669,270</b>	Accrued Pension Adjustment	-	-
<b>Due from Other Funds</b>			<b>Total Long Term Liabilities</b>	-	-
Due from GF	-	-	<b>TOTAL LIABILITIES</b>	<b>212,855</b>	<b>195,764</b>
Due from Mental Health	-	-			
<b>Total Due from Other Funds</b>	<b>-</b>	<b>-</b>	<b><u>FUND EQUITY</u></b>		
<b>Other Assets</b>			Fund Equity, Beginning	22,864,474	22,864,474
Investments:			Current Year Earnings (Loss)	(23)	(9,624)
Alaska Farmers Coop	2,787,153	2,787,153			
Mat Maid	43,774	43,774	<b>TOTAL FUND EQUITY</b>	<b>22,864,451</b>	<b>22,854,850</b>
Repossessed Property	1,299,075	1,299,075			
Less Accum. Deprec	(748,658)	(748,658)	<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$23,077,306</b>	<b>\$23,050,614</b>
Other Assets	-	-			
<b>Net Other Assets</b>	<b>3,381,344</b>	<b>3,381,344</b>			
<b>TOTAL ASSETS</b>	<b>\$23,077,306</b>	<b>\$23,050,614</b>			

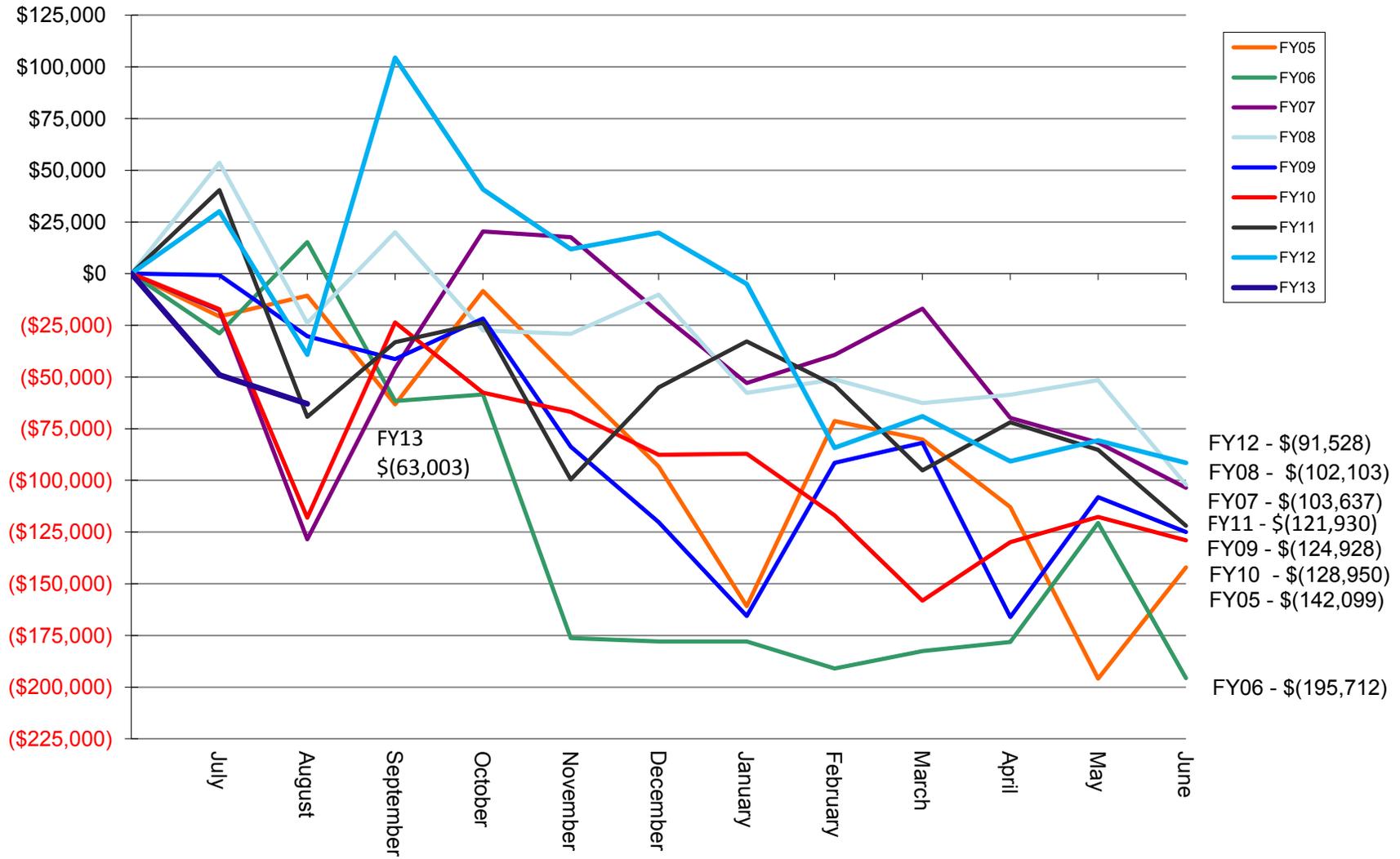
**Footnotes:**

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.

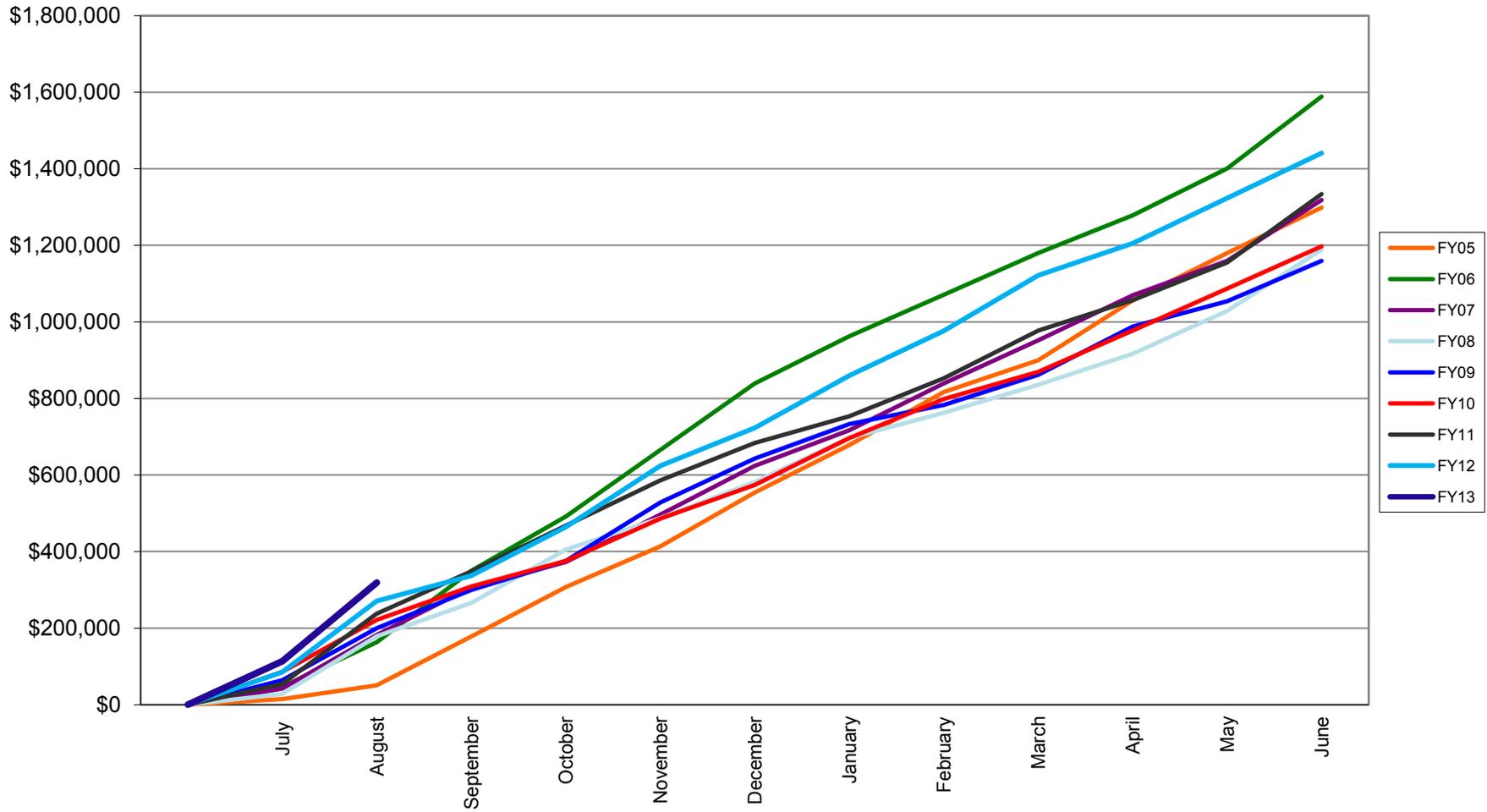
**Mt McKinley Meat and Sausage  
 AGRICULTURAL REVOLVING LOAN FUND  
 Statement of Revenues and Expenses  
 For Month ended August 31, 2012**

	<b>August</b>	<b>Fiscal Year-to-Date</b>
<b>Revenues:</b>		
Services	\$ 5,316	\$ 8,908
Sale of Products	184,213	244,753
Freight	1,462	2,192
<b>Total Revenues</b>	<b>190,991</b>	<b>255,853</b>
 <b>Expenses:</b>		
Personal Services	26,860	38,043
Travel	-	-
Contractual Services	6,278	13,514
Commodities	171,872	267,300
<b>Total Expenses</b>	<b>205,010</b>	<b>318,856</b>
 <b>Net Earnings / (Loss)</b>	 <b>\$ (14,019)</b>	 <b>\$ (63,003)</b>

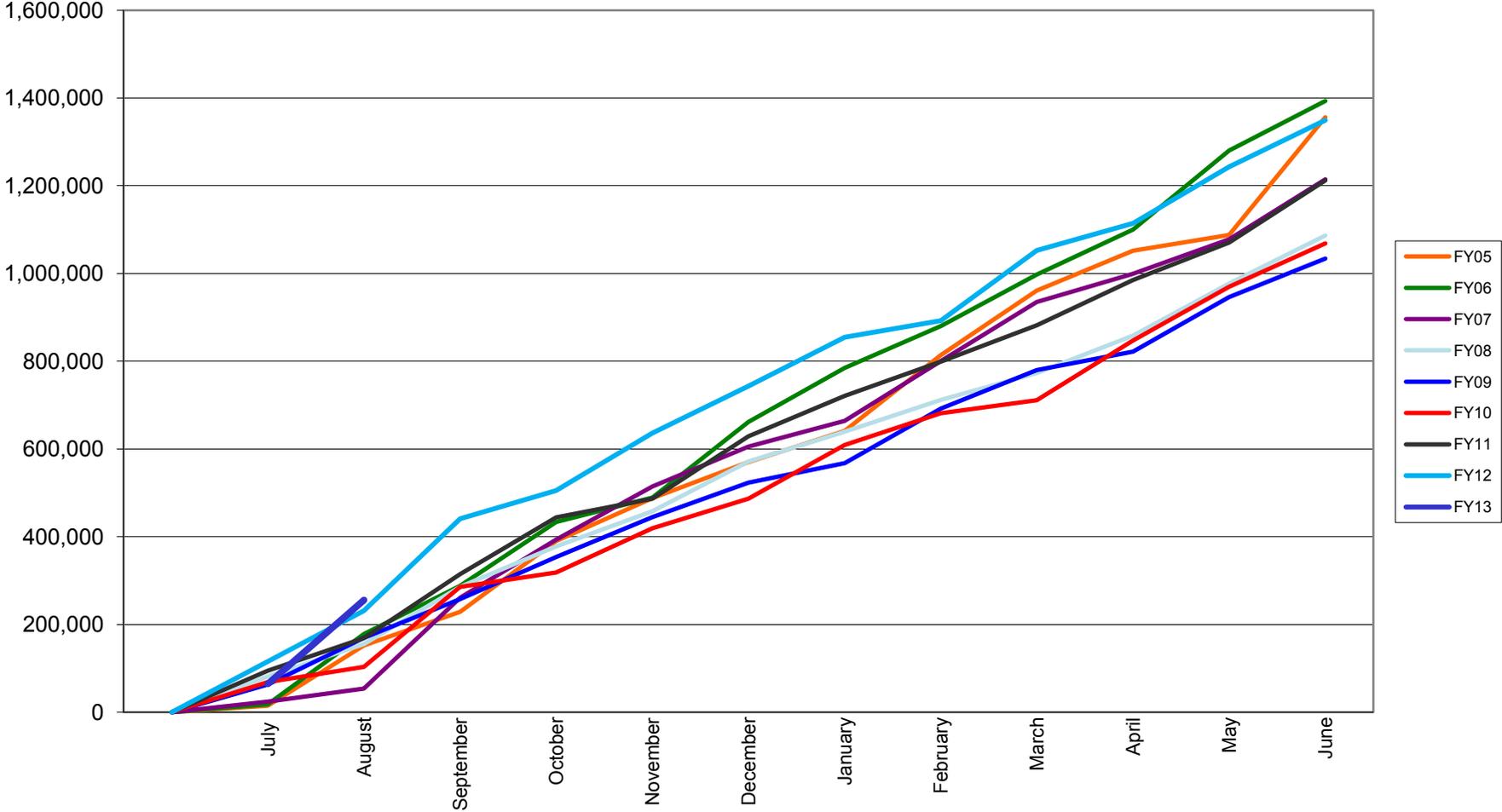
**Mt. Mckinley Meat and Sausage  
Income(Loss)  
FY 2005 - FY 2013**



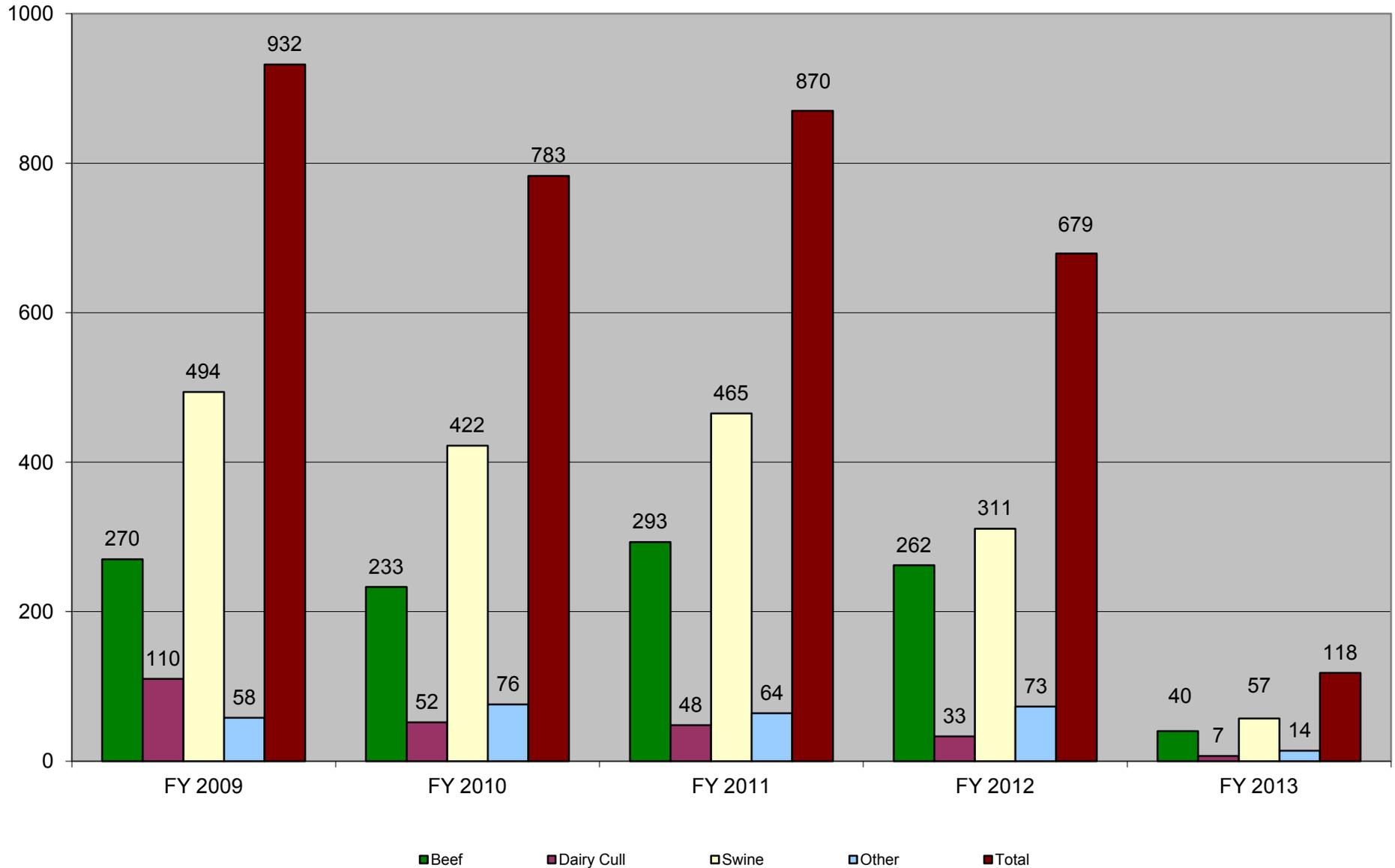
**Mt McKinley Meat and Sausage  
Cumulative Expenses  
July 2004 - August 2012**



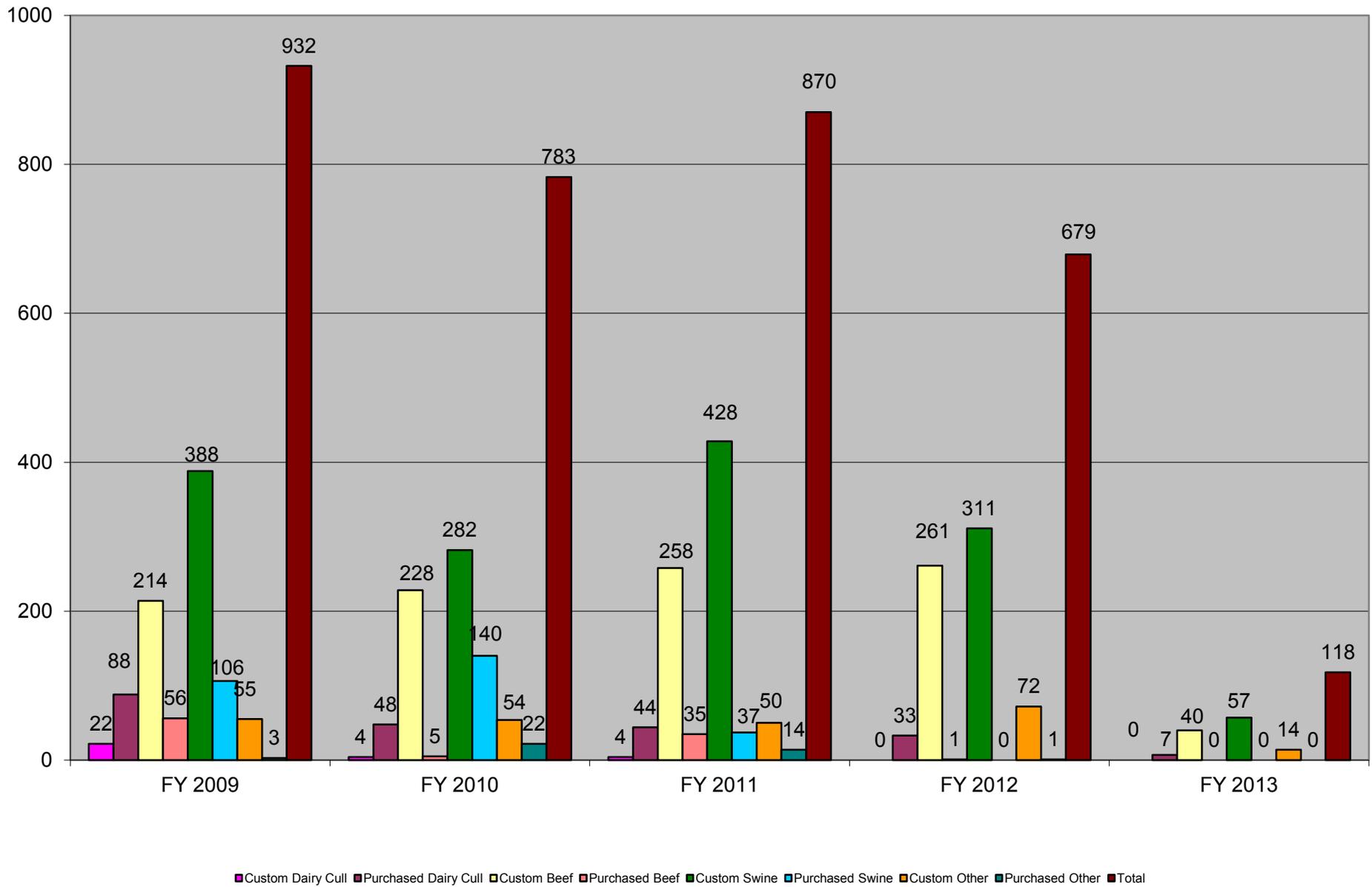
**Mt Mckinley Meat and Sausage  
Revenue Trend  
July 2004 - August 2012**



## MMM&S Slaughter Statistics by Fiscal Year and Type As of August 31, 2012 - FY13



### MMM&S Custom and Purchased Statistics by Fiscal Year As of August 31, 2012 - FY13



**AGRICULTURAL REVOLVING LOAN FUND**  
**Loan Activity Report / Undistributed Warrants**  
**As of October 8, 2012 - 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	0.00	288,000.00
								0.00		0.00
<b>TOTALS</b>					<b>\$288,000.00</b>	<b>\$288,000.00</b>	<b>1</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$288,000.00</b>

**AGRICULTURAL REVOLVING LOAN FUND**  
**Loan Activity Report / Undistributed Warrants**  
**As of October 8, 2012 - FY 12**

Borrower	LO	Loan #	Date Approved	Note Date	Amount Approved	Warrants		Available Balance	Amount Distributed to Borrower	Undistributed Warrants
						Issued	#			
Church of the Living Word, Inc.	1	F-5202	6/22/2011	7/1/2011	75,000.00	75,000.00	2	0.00	75,000.00	0.00
Wrigley Farms, LLC	1	P-1007	8/4/2011	8/15/2011	175,000.00	175,000.00	5	0.00	175,000.00	0.00
Brost	1	C-5265	8/24/2011	9/1/2011	18,000.00	18,000.00	2	0.00	18,000.00	0.00
Havemeister	1	S-5460	8/24/2011	10/21/2011	100,000.00	53,400.00	3	46,600.00	53,400.00	0.00
Havemeister	1	F-5205	8/24/2011	10/21/2011	400,000.00	400,000.00	5	0.00	400,000.00	0.00
Roushar	1	C-5264	10/3/2011	10/15/2011	20,000.00	20,000.00	1	0.00	20,000.00	0.00
Meurer	1	F-5203	10/3/2011	10/15/2011	164,800.00	164,800.00	1	0.00	164,800.00	0.00
Amberg	1	F-5204	10/3/2011	10/15/2011	80,000.00	30,451.60	2	49,548.40	30,451.60	0.00
Alaska Chip Co., LLC	1	S-5461	1/30/2012	2/29/2012	50,000.00	50,000.00	7	0.00	50,000.00	0.00
Havemeister	1	F-5207	3/21/2012	3/22/2012	200,000.00	200,000.00	3	0.00	200,000.00	0.00
Hawks Farm & Garden Center, Inc	1	S-5463	3/21/2012	4/15/2012	50,000.00	25,305.75	2	0.00	25,305.75	0.00
Veach	1	F-5206	3/21/2012	4/15/2012	77,745.63	75,943.32	2	1,802.31	75,943.32	0.00
Williams	1	S-5462	3/21/2012	4/15/2012	60,000.00	60,000.00	2	0.00	60,000.00	0.00
Butte Farms	1	S-5465	4/27/2012	5/1/2012	145,000.00	145,000.00	2	0.00	145,000.00	0.00
Butte Farms	1	F-5209	4/27/2012	5/1/2012	40,000.00	40,000.00	2	0.00	40,000.00	0.00
Wrigley Farms	1	S-5467	4/27/2012	5/2/2012	75,000.00	75,000.00	1	0.00	75,000.00	0.00
Gold Nugget Farms	1	S-5464	4/27/2012	5/15/2012	175,000.00	175,000.00	1	0.00	175,000.00	0.00
Brost	1	S-5466	4/27/2012	5/1/2012	120,000.00	91,588.84	2	28,411.16	91,588.84	0.00
Phillips	1	F-5210	6/13/2012	6/20/2012	120,000.00	120,000.00	1	0.00	120,000.00	0.00
Cully Corp	1	F-5211	6/13/2012	6/27/2012	350,000.00	256,516.81	9	93,483.19	256,516.81	0.00
								0.00		0.00
<b>TOTALS</b>					<b>\$2,495,545.63</b>	<b>\$2,251,006.32</b>	<b>55</b>	<b>\$219,845.06</b>	<b>\$2,251,006.32</b>	<b>\$0.00</b>

**AGRICULTURAL REVOLVING LOAN FUND**  
**Real and Personal Property Inventory**  
**31-Aug-12**

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				
					Land	Buildings	Mach / Equip	Total Value		Amt 6/30/12	Owed To	Amount	Lessee	Lease #	Exp Date	Inspect Date				Land/ Structures	Improve- ments	Total Value		
<b>Repossessed Inventory (account # 10626)</b>																								
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 Assm	\$32,600	NONE	\$32,600		
<b>Total Repossessed Inventory</b>					<u>29,000.00</u>			<u>29,000.00</u>													<u>32,600</u>		<u>32,600</u>	
<b>Repossessed Property (Account # 10860 and Accum Depr # 10862)</b>																								
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	12	Tax Assm	\$402,500		\$402,500		
<b>ASSETS with ASSOCIATED PERMITS</b>																								
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	12	Tax Assm	435,700		435,700		
<b>LONG TERM LEASES</b>																								
Alaska Farm Coop	1	Delta	20	9/3/93	94,080.00			94,080.00			0.50 /Yr	AK Farm	LSE-021	6/30/18	Apr-09	FS; Hanson Rd/98% own	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	LSE-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	255,608.00		1,400.00 /Mc	Knopp	40005	9/1/12	May-12			12	Est	76,300	259,200	335,500		
<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>\$255,608.00</b>	<b>\$0.00</b>											<b>\$146,300</b>	<b>\$1,072,880</b>	<b>\$1,219,180</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	6,885.00		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>748,658.00</b>	<b>rounded</b>												<b>984,500</b>	<b>1,122,880</b>	<b>2,107,380</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>\$748,658.00</b></u>													<b>\$1,017,100</b>	<b>\$1,122,880</b>	<b>\$2,139,980</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**  
**August 31, 2012**

**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			
<b>Subtotal Mach &amp; Equip</b>							<b>14,400.00</b>			
Building	1	1	Feed Mill, Tract A-1	01-Apr-84	01-Apr-84	14,040.00	14,040.00			
<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>										
Milk tank, 1000	1	1	Mertz	01-Nov-92		1,000.00	1,000.00			
<b>Subtotal Mach &amp; Equip</b>							<b>1,000.00</b>			
Building	1	1	Mertz	24-Jul-91	24-Jul-91	304,850.00	304,850.00	255,608.00		
<b>Subtotal Building</b>							<b>304,850.00</b>	<b>255,608.00</b>		
<b>Total Mertz Dairy</b>							<b>305,850.00</b>	<b>255,608.00</b>		

<b>Mt McKinley Meats</b>										
Compressor	1	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	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		
<b>Subtotal Building</b>							<b>595,592.00</b>	<b>480,801.72</b>		
<b>Total Mt. McKinley Meats</b>							<b>600,955.00</b>	<b>486,164.72</b>		

<b>Umnak Slaughter Facility</b>										
Building	1	1	Umnak Slghtr Fac.	01-Mar-95	01-Mar-95	10,000.00	10,000.00	6,885.00		
<b>Subtotal Building</b>							<b>10,000.00</b>	<b>6,885.00</b>		
<b>Total Umnak Slaughter Facility</b>							<b>10,000.00</b>	<b>6,885.00</b>		

**Total Accumulated Depreciation**

**748,658**