

# **AGRICULTURAL REVOLVING LOAN FUND**

## **Notes to Financial Statements for December, 2010 - FY11**

### **Comparative Balance Sheet**

1. \$13,673,068 was recorded as ARLF Loans Receivables.
2. \$4,808,643 was recorded as ARLF Cash.

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

1. \$48,291 was recorded as Interest Income.
2. \$13,958 was recorded as Personal Services expense.
3. \$11,523 was recorded as Contractual Services expense with \$8,781 being ARLF accounting services paid through RSA.
4. Net Operating Income was \$23,773. \$44,525 was recorded as Mt. McKinley Meat and Sausage Plant income (Non-Operating Activity) thus resulting in \$68,297 Current Period Earnings.

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

1. \$129,291 was recorded as revenue for Sale of Products.
3. Fiscal Year-to-Date Loss is \$54,994.

**AGRICULTURAL REVOLVING LOAN FUND**  
**Comparative Balance Sheet**  
**December 31, 2010**

<b><u>ASSETS</u></b>	<b>December 2010</b>	<b>November 2010</b>	<b><u>LIABILITIES</u></b>	<b>December 2010</b>	<b>November 2010</b>
<b>Current Assets</b>			<b>Short Term Liabilities</b>		
Cash	\$ 4,808,643	\$ 4,742,757	Warrants Outstanding	139,366	107,619
Receivables			Accounts Payable	2,297	1,520
ARLF Loans	12,001,548	12,017,986	Accrued Payables	126,623	126,623
Land Sale Contracts	1,487,528	1,489,434	Accrued Vacation Leave	29,422	29,422
Notes Receivable	75,840	75,840	Trust Account	306	306
Judgments	123,800	123,800			
Accrued Interest -1-	107,239	107,239	<b>Total Short Term Liabilities</b>	<b>298,014</b>	<b>265,490</b>
Accrued Penalties -1-	912	912			
Leases/Accounts Receivabl -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-	(123,800)	(123,800)	Due to School Fund -4-	-	-
Net Receivables	13,673,068	13,691,412			
			<b>Total Due to Other Funds</b>	<b>-</b>	<b>-</b>
Outstanding Loan Warrants	114,144	60,865			
Repossessed Inventory	29,000	29,000	<b>Long Term Liabilities</b>		
			Accrued Pension Adjustment	-	-
<b>Total Current Assets</b>	<b>18,624,855</b>	<b>18,524,034</b>	<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>
<b>Due from Other Funds</b>			<b>TOTAL LIABILITIES</b>	<b>298,014</b>	<b>265,490</b>
Due from GF	-	-			
Due from Mental Health	-	-	<b>FUND EQUITY</b>		
			Fund Equity, Beginning	22,563,097	22,563,097
<b>Total Due from Other Funds</b>	<b>-</b>	<b>-</b>	Current Year Earnings (Loss)	166,194	97,897
<b>Other Assets</b>					
Investments: -3-			<b>TOTAL FUND EQUITY</b>	<b>22,729,291</b>	<b>22,660,994</b>
Alaska Farmers Coop	2,787,153	2,787,153			
Mat Maid	992,732	992,732			
Repossessed Property	1,299,075	1,299,075			
Less Accum. Deprec	(676,509)	(676,509)			
Other Assets	-	-			
<b>Net Other Assets</b>	<b>4,402,451</b>	<b>4,402,451</b>	<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$23,027,305</b>	<b>\$22,926,484</b>
<b>TOTAL ASSETS</b>	<b>\$23,027,305</b>	<b>\$22,926,484</b>			

**Footnotes:**

- 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.

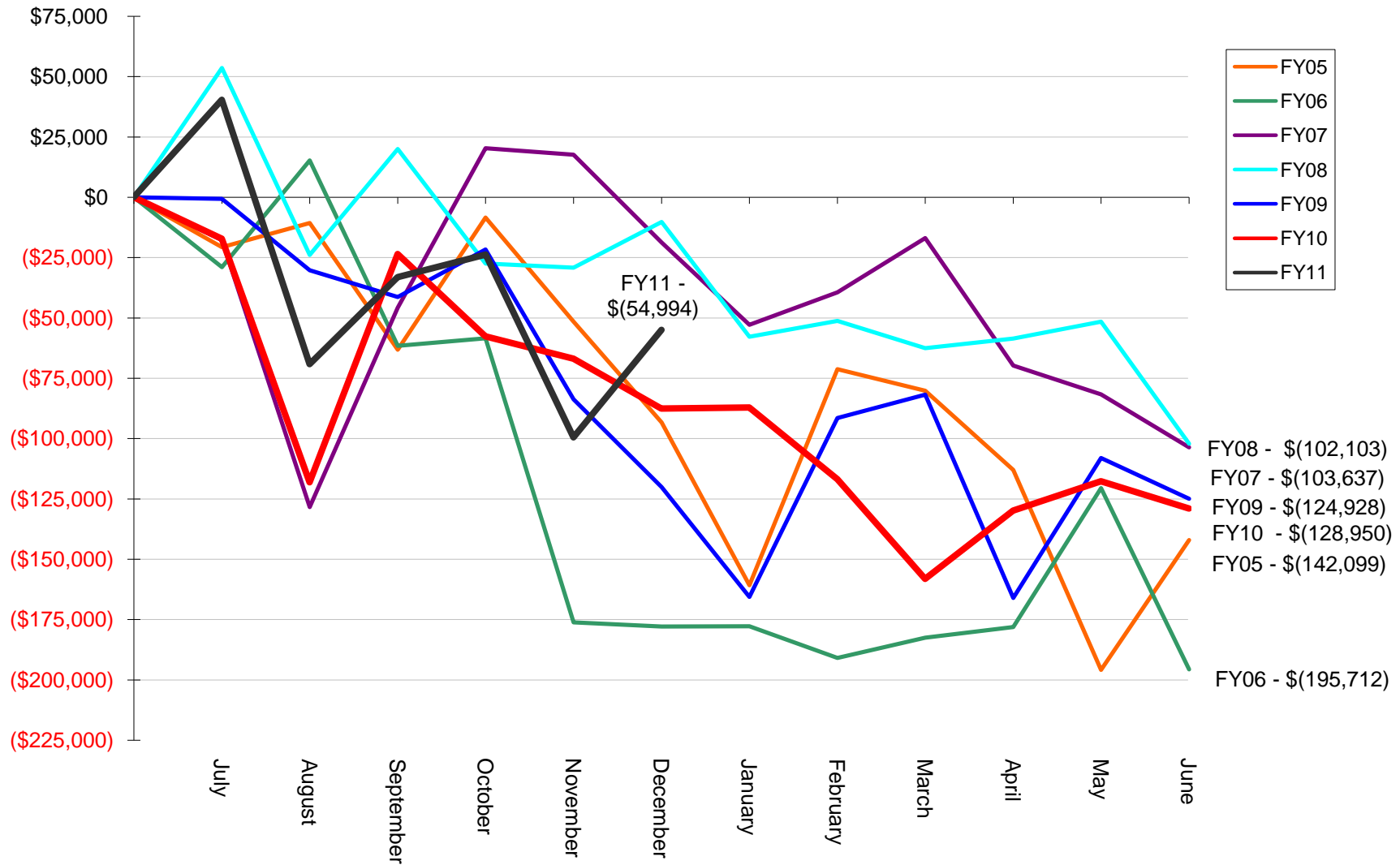
**AGRICULTURAL REVOLVING LOAN FUND**  
**Statement of Revenues, Expenses, and Changes in Fund Equity**  
**For Month ended December 31, 2010**

	December	Fiscal Year to Date
<b>Operating Revenues</b>		
Interest Income	\$ 48,291	336,681
Services (legal, clerical, loan fees, sale products)	-	100
Late Payment Penalties	329	7,537
Rents, including leasehold credits	1,400	8,400
CRP Revenue	-	-
Uncollectible Amounts Recovered	-	-
Recovery of Expenses	-	-
Fines & Forfeitures	-	-
Transfers in from Other Funds	-	-
Sale of Assets	-	-
<b>Total Operating Revenues</b>	<b>\$ 50,020</b>	<b>\$ 352,717</b>
<b>Operating Expenses:</b>		
Personal Services	13,958	75,125
Travel	208	3,270
Contractual Services	11,523	52,301
Commodities	559	834
<b>Total Operating Expenses</b>	<b>\$ 26,247</b>	<b>\$ 131,529</b>
<b>Net Operating Income (Loss)</b>	<b>\$ 23,773</b>	<b>\$ 221,188</b>
<b>Non-Operating Income (Expenses):</b>		
MMM&S Revenues	142,000	628,587
Mt. McKinley Meat & Sausage Plant	(97,475)	(683,581)
<b>Mt. McKinley Meat &amp; Sausage Plant Net Income (loss)</b>	<b>\$ 44,525</b>	<b>\$ (54,994)</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>\$ 44,525</b>	<b>\$ (54,994)</b>
<b>Current Period Earnings (Loss)</b>	<b>\$ 68,297</b>	<b>\$ 166,194</b>
<b>Fund Equity, June 30, 2010</b>		<b>22,563,097</b>
<b>Fund Equity, December 31, 2010</b>		<b>22,729,291</b>

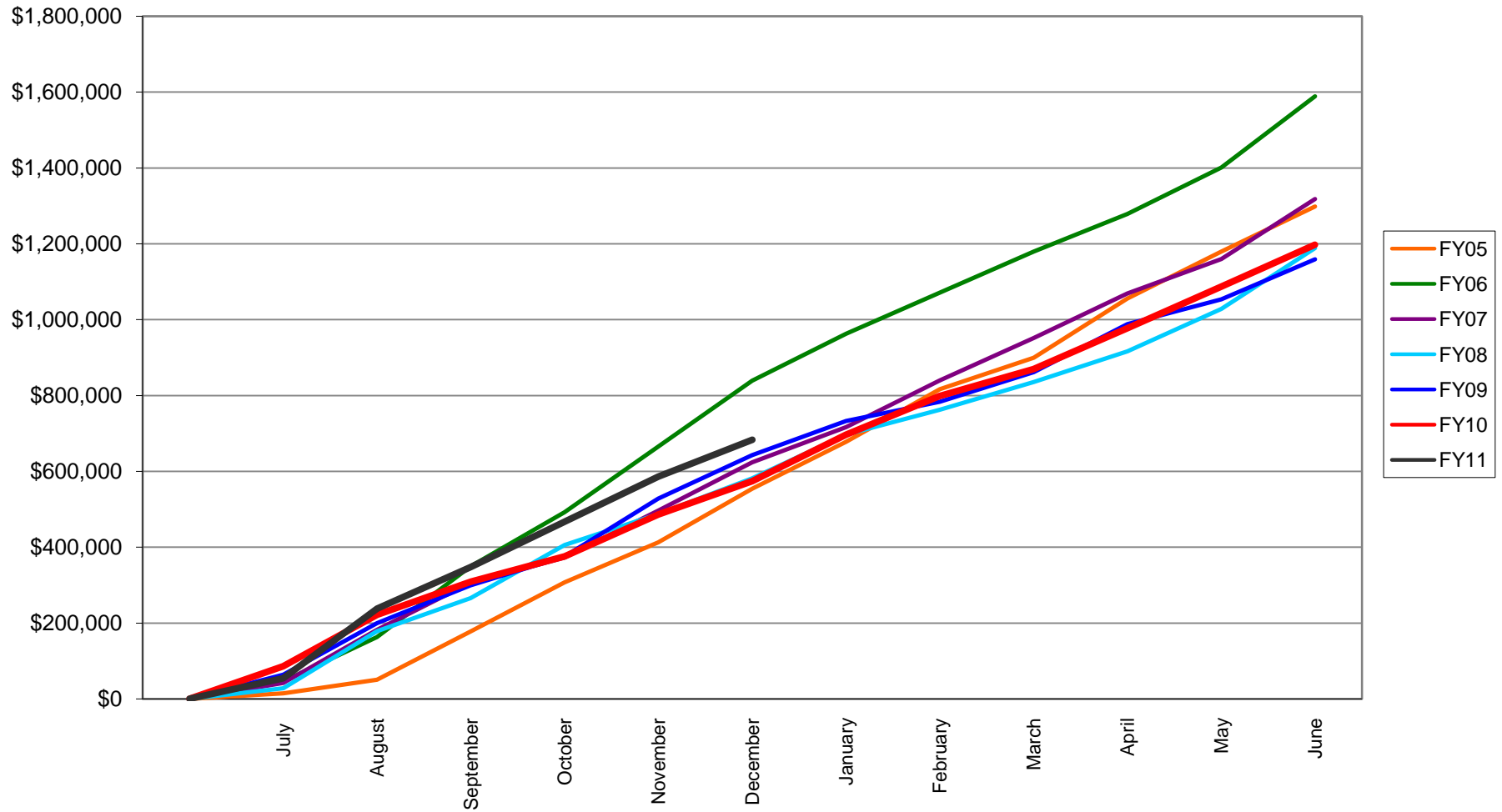
**Mt McKinley Meat and Sausage**  
**AGRICULTURAL REVOLVING LOAN FUND**  
**Statement of Revenues and Expenses**  
**For Month ended December 31, 2010**

	<b>December</b>	<b>Fiscal Year-to-Date</b>
<b>Revenues:</b>		
Services	\$ 11,793	\$ 73,219
Sale of Products	129,291	551,041
Freight	916	4,326
<b>Total Revenues</b>	<b>\$ 142,000</b>	<b>\$ 628,587</b>
<b>Expenses:</b>		
Personal Services	\$ 25,068	\$ 140,432
Travel	-	-
Contractual Services	13,263	60,202
Commodities	59,144	482,947
<b>Total Expenses</b>	<b>\$ 97,475</b>	<b>\$ 683,581</b>
<b>Net Earnings / (Loss)</b>	<b>\$ 44,525</b>	<b>\$ (54,994)</b>

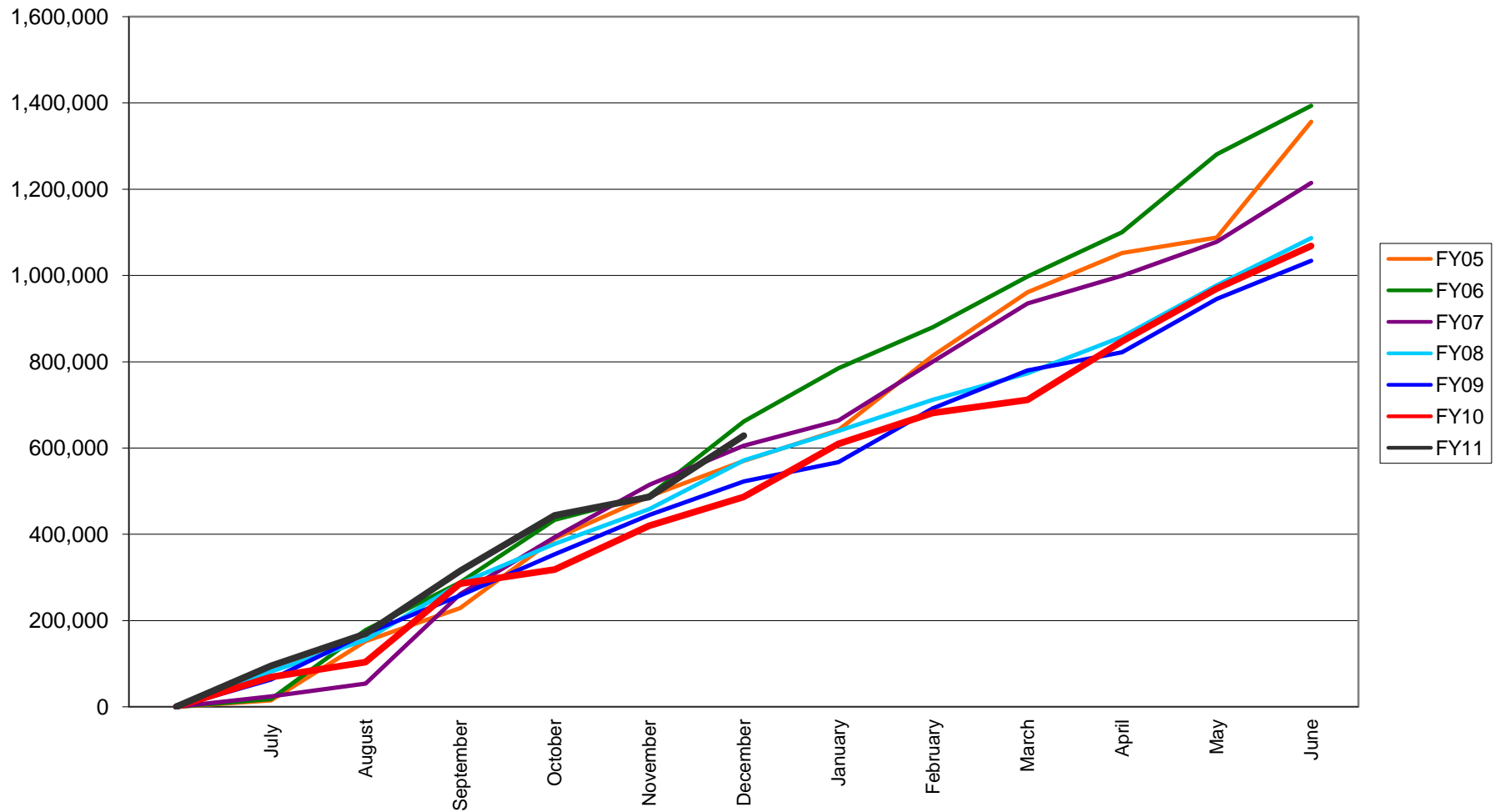
**Mt. McKinley Meat and Sausage  
Income(Loss)  
FY 2005 - FY 2011**



**Mt McKinley Meat and Sausage  
Cummulative Expenses  
July 2004 - December 2010**



# **Mt Mckinley Meat and Sausage Revenue Trend July 2004 - December 2010**



**AGRICULTURAL REVOLVING LOAN FUND**  
**Loan Activity Report / Undistributed Warrants**  
**As of January 10, 2011 - FY 11**

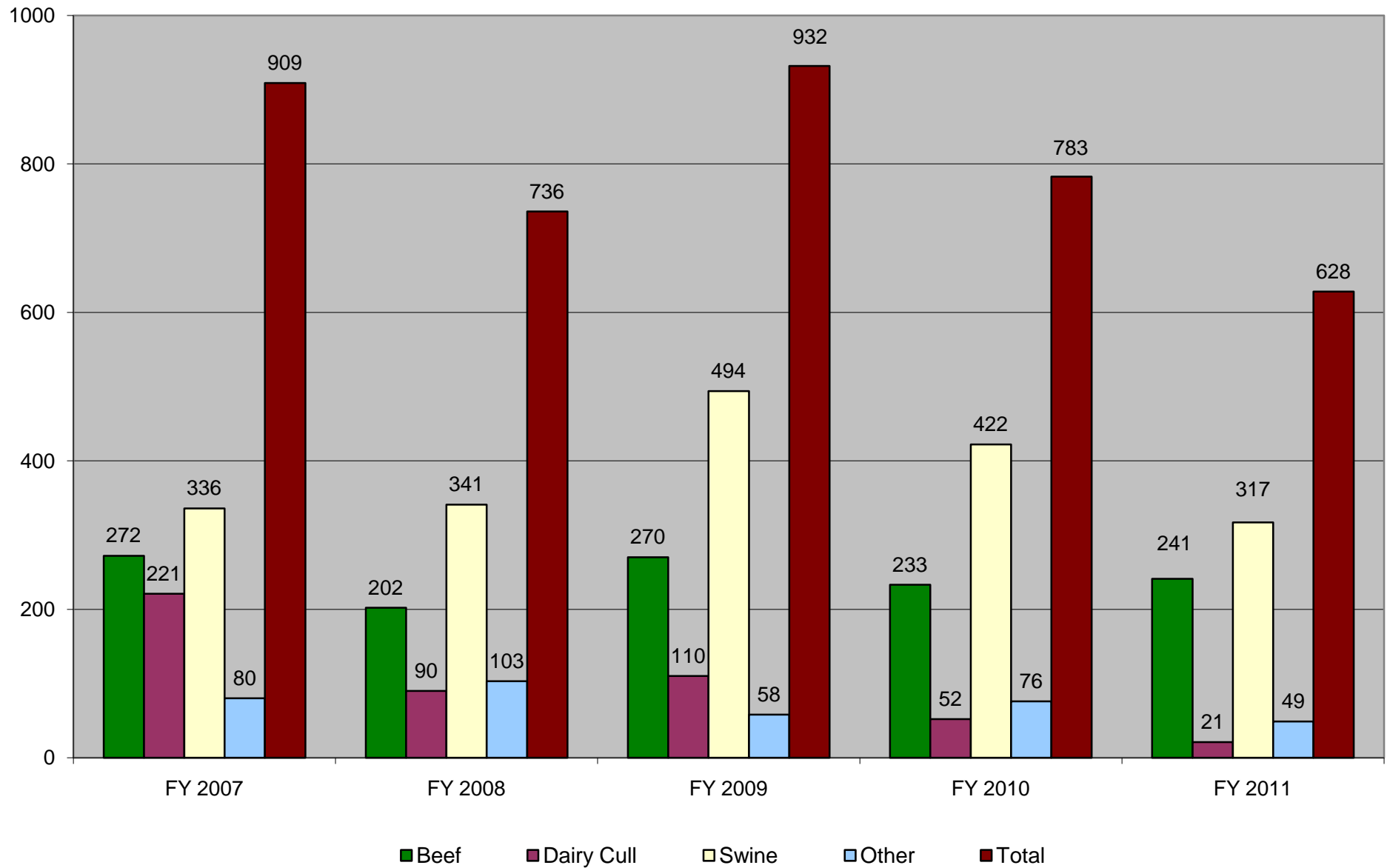
Borrower	LO	Loan #	Date Approved	Note Date	Amount Approved	Warrants		Available Balance	Amount Distributed to Borrower	Undistributed Warrants
						Issued	#			
Wrigley Farms, LLC	1	C-5259	7/8/2010	9/15/2010	200,000.00	176,144.10	4	23,855.90	176,144.10	0.00
Trowbridge	1	F-5197	7/8/2010	7/15/2010	165,000.00	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
								0.00		
								0.00		
								0.00		
								0.00		
								0.00		
								0.00		0.00
								0.00		0.00
<b>TOTALS</b>					<b>\$1,595,750.00</b>	<b>\$1,571,894.10</b>	<b>24</b>	<b>\$23,855.90</b>	<b>\$1,571,894.10</b>	<b>\$0.00</b>



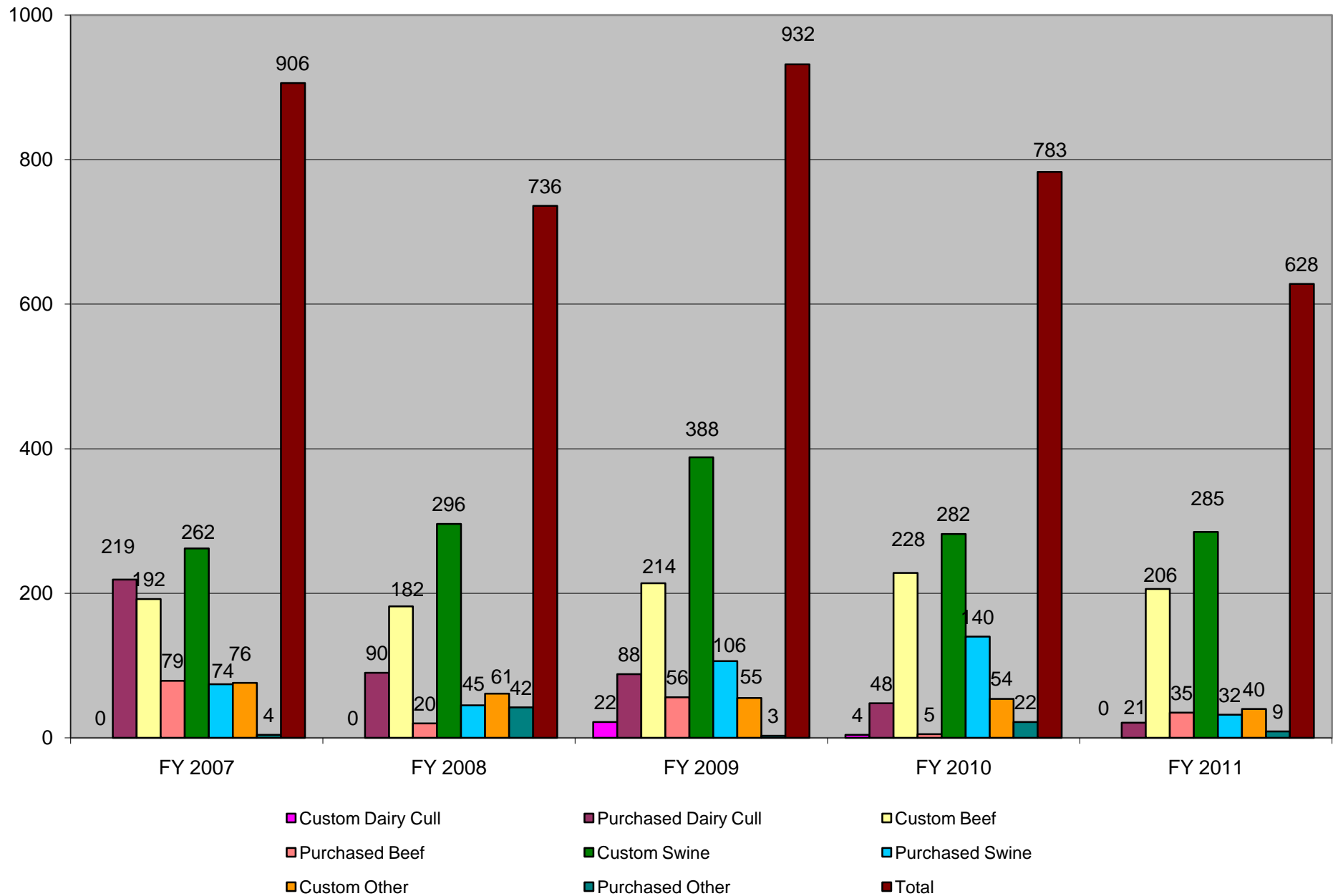
**AGRICULTURAL REVOLVING LOAN FUND**  
**Loan Activity Report / Undistributed Warrants**  
**As of January 10, 2011 - FY 10**

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	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	10/5/2009	11/1/2009	300,000.00	300,000.00	6	0.00	300,000.00	0.00
P&M Garden Services	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
Agricultural Investors	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	25,198.80	7	30,451.20	25,198.80	0.00
Hawks	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	1	F-5192	3/4/2010	3/15/2010	125,000.00	30,657.00	2	94,343.00	30,657.00	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	3	S-5444	3/4/2010	3/15/2010	200,000.00	200,000.00	6	0.00	200,000.00	0.00
Agricultural Investors	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	4/20/2010	240,000.00	232,123.63	11	7,876.37	232,123.63	0.00
Wrigley Farms	1	S-5447	4/5/2010	5/1/2010	40,000.00	40,000.00	1	0.00	40,000.00	0.00
Van Wyhes	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	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	1	S-5448	4/5/2010	4/15/2010	60,000.00	42,764.06	6	17,235.94	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	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	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>\$5,428,115.55</b>	<b>143</b>	<b>\$149,906.51</b>	<b>\$5,428,115.55</b>	<b>\$0.00</b>

**MMM&S Slaughter Statistics by Fiscal Year and Type**  
**As of December 31, 2010 - FY11**



**MMM&S Custom and Purchased Statistics by Fiscal Year  
As of December 31, 2010 - FY11**



AGRICULTURAL REVOLVING LOAN FUND  
Real and Personal Property Inventory  
31-Dec-10

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					Remarks	Fair Market Value				
					Land	Buildings	Mach / Equip	Total Value		Amt 6/30/04	Owed To	Amount	Lessee	Lease #	Exp Date	Inspect Date		YR	Method	Land	Improve- ments	Total Value
Reposessed Inventory (account # 10626)																						
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	
Total Repossessed Inventory					29,000.00			29,000.00											14,000		14,000	

Reposessed Property (Account # 10860 and Accum Depr # 10862)																					
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
ASSETS with ASSOCIATED PERMITS																					
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
LONG TERM LEASES																					
Alaska Farm Coop	3	Delta	20	9/3/93	94,080.00			94,080.00			0.50 /Yr	AK Farm Coop	LSE-021	6/30/18	Apr-09	FS; Hanson Rd/98% ownrsh	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 Coop	LSE-022	6/30/18	Apr-09	FS; Delta/98% ownrshp	05	Est	40,000	36,000	76,000
Mertz Dairy, (Knopp)	3	Delta	102	7/24/91	15,150.00	304,850.00		320,000.00	231,220.00		1,400.00 /Mo	Knopp	40005	6/1/11	Oct-09		09	Est	110,000	310,000	420,000
Sub-total Long Term Leases					\$183,710.00	\$304,850.00	\$0.00	\$488,560.00	\$231,220.00	\$0.00									\$180,000	\$1,123,680	\$1,303,680
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	6,085.00		3,926.00 /Yr	BPR & ANM	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					354,830.00	924,482.00	19,763.00	1,299,075.00	676,509.00										1,155,000	2,373,680	3,528,680

GRAND TOTAL					\$383,830.00	\$924,482.00	\$19,763.00	\$1,328,075.00	\$676,509.00										\$1,169,000	\$2,373,680	\$3,542,680
-------------	--	--	--	--	--------------	--------------	-------------	----------------	--------------	--	--	--	--	--	--	--	--	--	-------------	-------------	-------------

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

**Subsidiary Ledger**  
**ARLF - Machinery, Equipment, and Building Inventory**  
**December 31, 2010**

**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	3	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