

AGRICULTURAL REVOLVING LOAN FUND

Notes to Financial Statements for December, 2011 - FY12

Statement of Revenues, Expenses, and Changes in Fund Equity

1. \$50,898 was recorded as Interest Income. Total Interest Income for July 2011 through December 2011 is \$338,486.
2. (\$29,772) was recorded as ARLF operating expenses. Contractual Services included \$1,948 paid through RSA for legal services and \$9,507 paid for October/November 2011 accounting support.
3. Net Operating Income was \$26,704.
Mt. McKinley Meat and Sausage Plant Income for the period (Non-Operating Activity) was recorded at \$7,918.

Comparative Balance Sheet

1. \$4,932,940 was ARLF Cash balance on December 31, 2011. For comparison, ARLF Cash balance on December 31, 2010 was \$4,808,643.
2. \$12,229,323 was ARLF Loans Receivable account balance. For comparison, ARLF Loans Receivable balance on December 31, 2010 was \$12,001,548.

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

1. \$106,987 was recorded as Total Revenues for the month.
2. (\$99,068) was recorded as Total Expenses for the month.
3. Fiscal Year-to-Date Earnings are \$19,755.

Loan Activity/Cash outflows

1. \$1,032,800 is the total amount of loans approved since the beginning of the fiscal year through December 31, 2011.

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

	December	Fiscal Year to Date
Operating Revenues		
Interest Income	\$ 50,898	\$ 338,486
Services (legal, clerical, loan fees, sale products)	100	500
Late Payment Penalties	1,552	4,607
Rents, including leasehold credits	3,926	10,926
CRP Revenue	-	-
Uncollectible Amounts Recovered	-	-
Recovery of Expenses	-	35
Fines & Forfeitures	-	-
Transfers in from Other Funds	-	-
Sale of Assets	-	-
	56,476	354,554
Operating Expenses:		
Personal Services	16,025	82,600
Travel	379	2,143
Contractual Services	13,227	59,465
Commodities	141	692
	29,772	144,899
	Net Operating Income (Loss)	26,704
	26,704	209,655
Non-Operating Income (Expenses):		
MMM&S Revenues	106,987	743,001
Mt. McKinley Meat & Sausage Plant	(99,068)	(723,246)
	7,918	19,755
Mt. McKinley Meat & Sausage Plant Net Income (loss)	7,918	19,755
Income (Loss) Investment in Mat Maid	-	-
Income (Loss) Sale of Fixed Assets	-	-
Bad Debt Expense	-	-
Depreciation Expense	-	-
	7,918	19,755
	Total Non-Operating Income / (Expenses)	7,918
	7,918	19,755
	Current Period Earnings (Loss)	\$ 34,622
	\$ 34,622	\$ 229,410
Fund Equity, June 30, 2011		\$ 22,726,980
Fund Equity, December 31, 2011		\$ 22,956,390

AGRICULTURAL REVOLVING LOAN FUND
Comparative Balance Sheet
December 31, 2011

<u>ASSETS</u>	<u>December 2011</u>	<u>November 2011</u>	<u>LIABILITIES</u>	<u>December 2011</u>	<u>November 2011</u>
Current Assets			Short Term Liabilities		
Cash	\$ 4,932,940	\$ 4,811,923	Warrants Outstanding	\$ 11,151	\$ 3,899
Receivables			Accounts Payable	267	2,197
ARLF Loans	12,229,323	12,302,328	Accrued Payables	152,428	152,428
Land Sale Contracts	1,426,686	1,428,474	Accrued Vacation Leave	30,705	30,705
Notes Receivable	59,559	65,837	Trust Account	-	-
Judgments	123,800	123,800			
Accrued Interest	-1- 108,895	108,895	Total Short Term Liabilities	194,551	189,229
Accrued Penalties	-1- 942	942			
Leases/Accounts Receivab	-1- -	-	Due to Other Funds		
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- (123,805)	(123,804)	Due to School Fund	-4- -	-
Net Receivables	13,825,400	13,906,472	Total Due to Other Funds	-	-
Outstanding Loan Warrants	25	25			
Repossessed Inventory	29,000	29,000	Long Term Liabilities		
Total Current Assets	18,787,365	18,747,420	Accrued Pension Adjustment	-	-
			Total Long Term Liabilities	-	-
Due from Other Funds			TOTAL LIABILITIES	194,551	189,229
Due from GF	-	-			
Due from Mental Health	-	-	FUND EQUITY		
Total Due from Other Funds	-	-	Fund Equity, Beginning	22,726,980	22,726,980
			Current Year Earnings (Loss)	229,410	194,788
Other Assets					
Investments:	-3-		TOTAL FUND EQUITY	22,956,390	22,921,768
Alaska Farmers Coop	2,787,153	2,787,153			
Mat Maid	990,275	990,275			
Repossessed Property	1,299,075	1,299,075			
Less Accum. Deprec	(712,927)	(712,927)			
Other Assets	-	-			
Net Other Assets	4,363,576	4,363,576	TOTAL LIABILITIES & FUND EQUITY	\$23,150,941	\$23,110,996
TOTAL ASSETS	\$23,150,941	\$23,110,996			

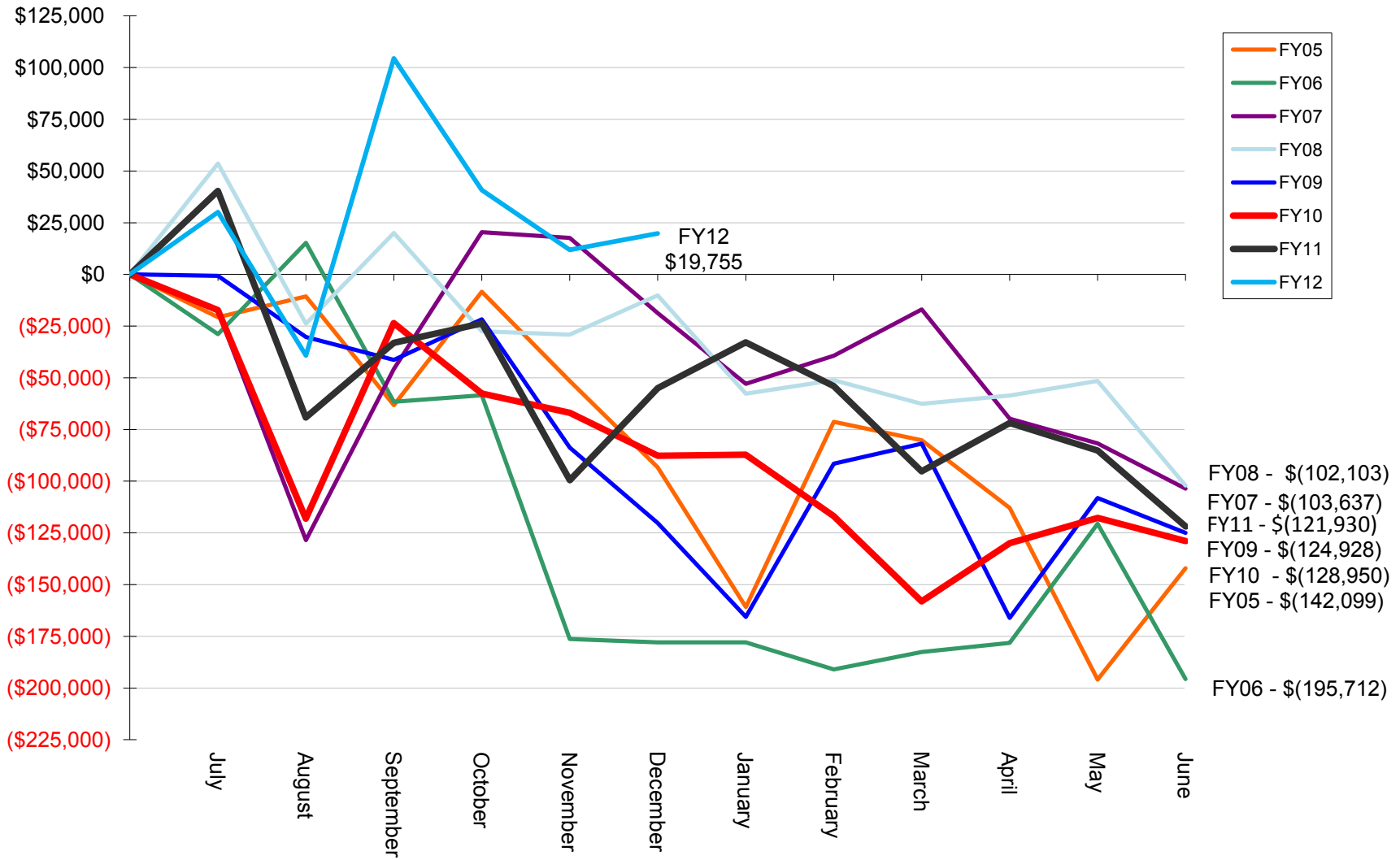
Footnotes:

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.

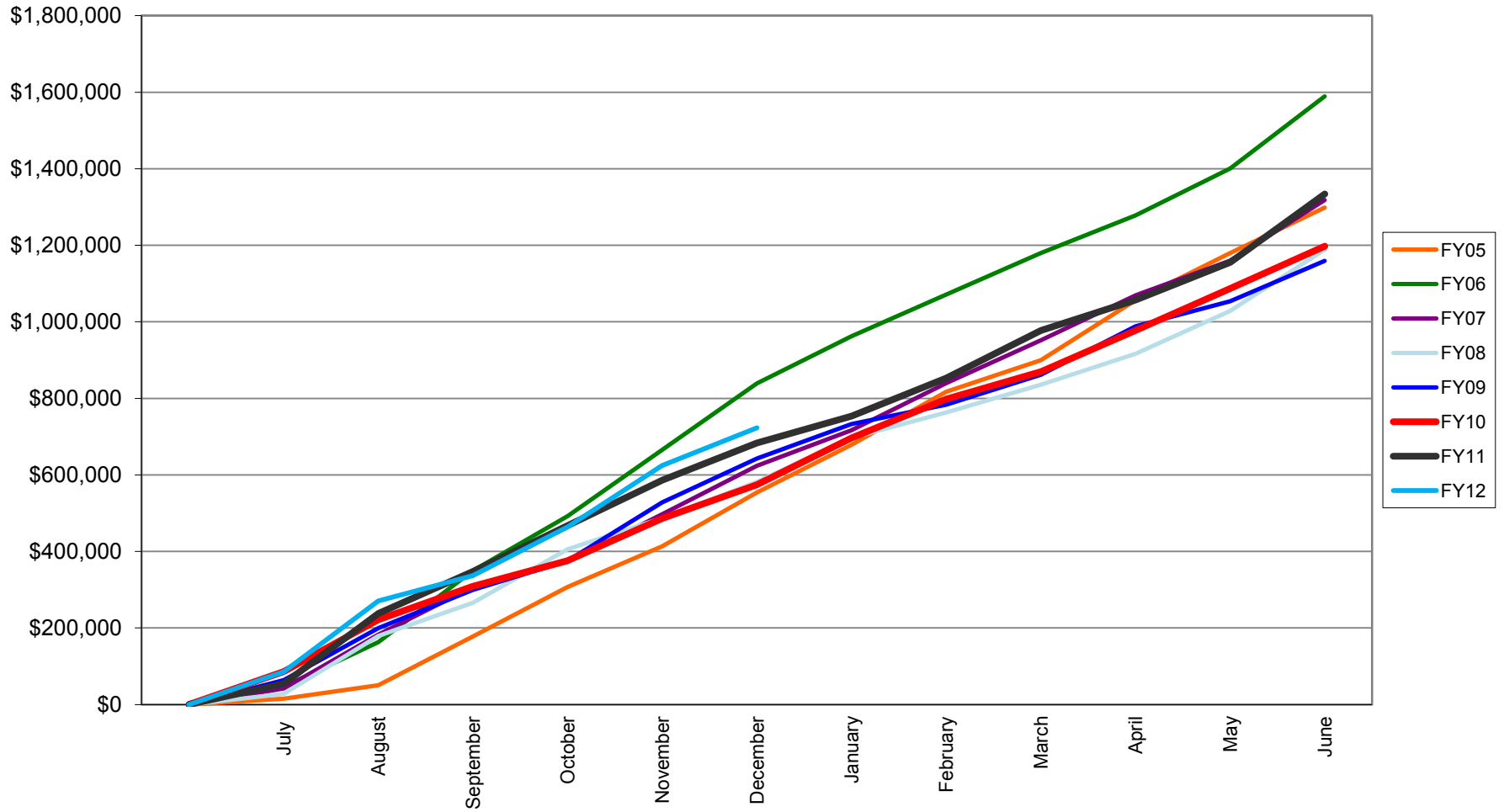
**Mt McKinley Meat and Sausage
 AGRICULTURAL REVOLVING LOAN FUND
 Statement of Revenues and Expenses
 For Month ended December 31, 2011**

	<u>December</u>	<u>Fiscal Year-to-Date</u>
Revenues:		
Services	\$ 12,121	\$ 79,779
Sale of Products	94,053	658,247
Freight	813	4,975
	<hr/>	
Total Revenues	106,987	743,001
 Expenses:		
Personal Services	23,550	146,529
Travel	-	-
Contractual Services	21,280	68,111
Commodities	54,237	508,606
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Total Expenses	99,068	723,246
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Net Earnings / (Loss)	\$ 7,918	\$ 19,755
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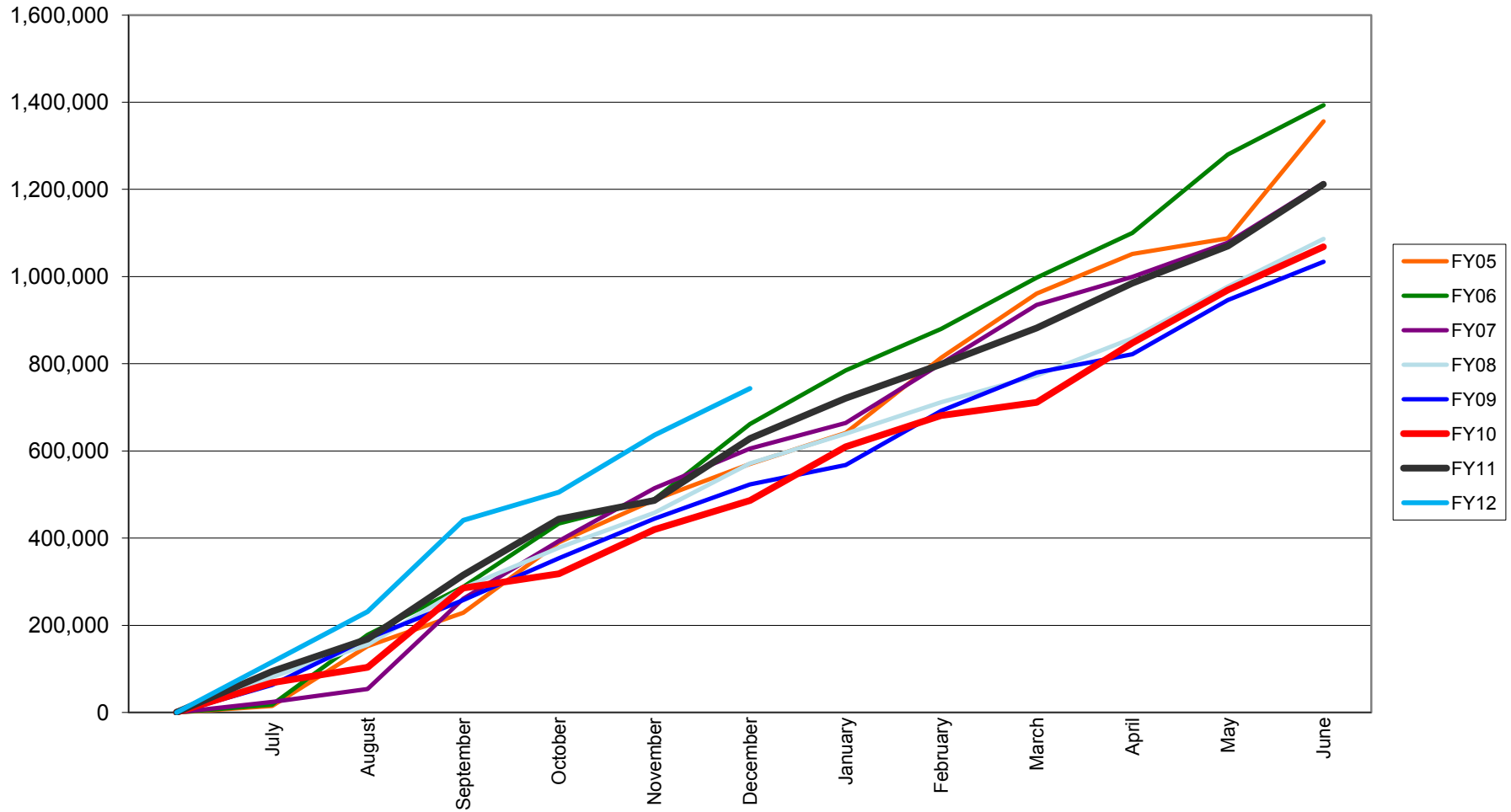
**Mt. Mckinley Meat and Sausage
Income(Loss)
FY 2005 - FY 2012**



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



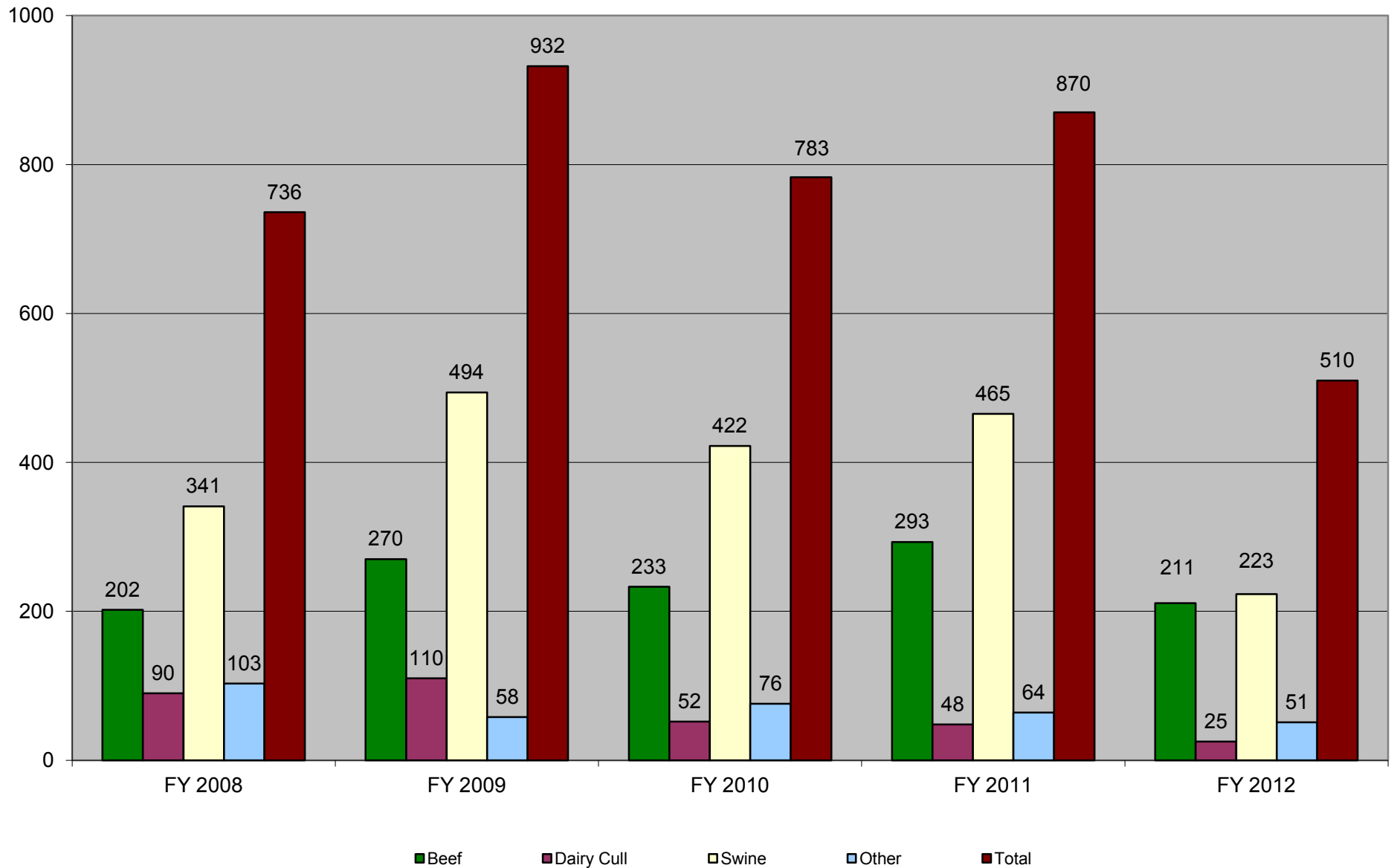
**Mt Mckinley Meat and Sausage
Revenue Trend
July 2004 - December 2011**



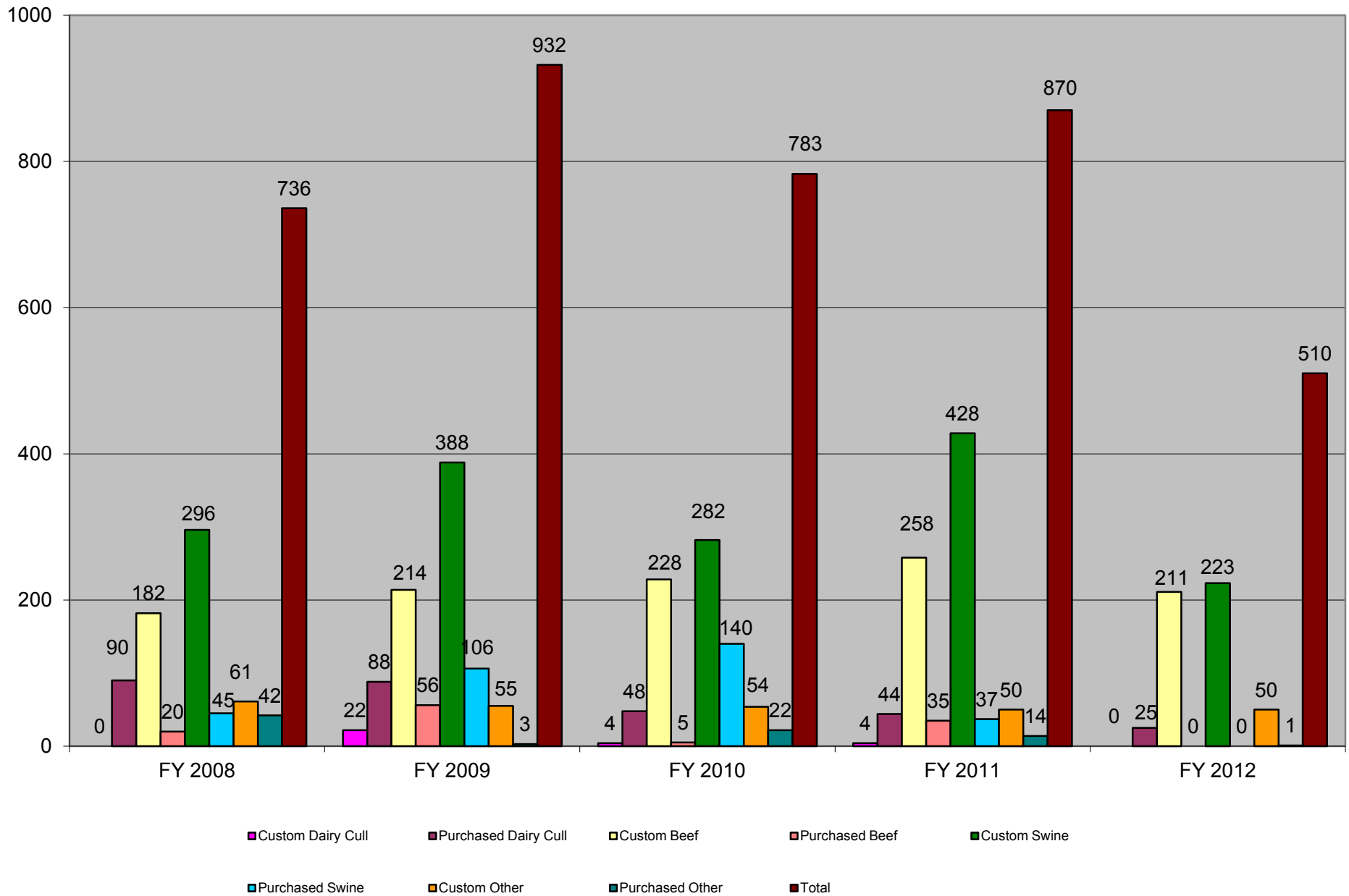
AGRICULTURAL REVOLVING LOAN FUND
Loan Activity Report / Undistributed Warrants
As of January 18, 2012 - FY 12

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	0.00		100,000.00		0.00
Havemeister	1	F-5205	8/24/2011	10/21/2011	400,000.00	126,185.60	3	273,814.40	126,185.60	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
								0.00		0.00
TOTALS					\$1,032,800.00	\$609,437.20	16	\$423,362.80	\$609,437.20	\$0.00

MMM&S Slaughter Statistics by Fiscal Year and Type As of December 31, 2011 - FY12



MMM&S Custom and Purchased Statistics by Fiscal Year As of December 31, 2011 - FY12



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

Former Borrower/ Prospective New Owner	LO	Location	Acres	Date Placed in Service	Fair Market Value at Repossession				Accum Dep. 6/30/2011	Liabilities		Lease Information					Fair Market Value					
					Land	Buildings	Mach / Equip	Total Value		Amt 6/30/11	Owed To	Amount	Lessee	Lease #	Exp Date	Inspect Date	Remarks	YR	Method	Land	Improve- ments	Total Value
Repossessed 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					<u>29,000.00</u>			<u>29,000.00</u>											<u>14,000</u>		<u>14,000</u>	
Repossessed 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	463,027.00						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 C	LSE-021	6/30/18	Apr-09	FS; Hanson Rd/98% ownr	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 C	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	243,414.00		1,400.00 /Mc	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	\$243,414.00	\$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	6,485.00		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					354,830.00	924,482.00	19,763.00	1,299,075.00	712,927.00	rounded									1,155,000	2,373,680	3,528,680	
GRAND TOTAL					<u>\$383,830.00</u>	<u>\$924,482.00</u>	<u>\$19,763.00</u>	<u>\$1,328,075.00</u>	<u>\$712,927.00</u>										\$1,169,000	\$2,373,680	\$3,542,680	

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
December 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 6/30/2011	Location	Remarks
						Each	Total			
Equipment, misc	3		Feed Mill, Tract A-1	01-Apr-84	01-Apr-84	14,400.00	14,400.00			
Subtotal Mach & Equip							14,400.00			
Building	3	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			

Mertz Dairy										
Milk tank, 1000	1	1	Mertz	01-Nov-92		1,000.00	1,000.00			
Subtotal Mach & Equip							1,000.00			
Building	1	1	Mertz	24-Jul-91	24-Jul-91	304,850.00	304,850.00	243,414.00		
Subtotal Building							304,850.00	243,414.00		
Total Mertz Dairy							305,850.00	243,414.00		

Mt McKinley Meats										
Compressor	3	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	3	1	Mt. McKinley Meats	01-Dec-86	01-Dec-86	326,600.00	326,600.00	314,222.00		
Boiler upgrade	3	1	Mt. McKinley Meats	01-May-97	01-Oct-97	15,000.00	15,000.00	8,400.00		
Boiler upgrade	3	1	Mt. McKinley Meats	25-Aug-97	01-Oct-97	41,236.40	41,236.40	23,092.37		
Boiler upgrade	3	1	Mt. McKinley Meats	01-Nov-97	01-Feb-98	48,931.70	48,931.70	27,401.80		
Boiler upgrade	3	1	Mt. McKinley Meats	01-Feb-98	01-Feb-98	8,849.90	8,849.90	4,955.99		
Boiler upgrade	3	1	Mt. McKinley Meats	30-Jun-03	30-Jun-03	4,974.00	4,974.00	1,591.88		
Roof	3	1	Mt. McKinley Meats	30-Sep-98	01-Oct-98	150,000.00	150,000.00	78,000.00		
Subtotal Building							595,592.00	457,664.04		
Total Mt. McKinley Meats							600,955.00	463,027.04		

Umnak Slaughter Facility										
Building	1	1	Umnak Slghtr Fac.	01-Mar-95	01-Mar-95	10,000.00	10,000.00	6,485.00		
Subtotal Building							10,000.00	6,485.00		
Total Umnak Slaughter Facility							10,000.00	6,485.00		

Total Accumulated Depreciation

rounded to 712,927