AGRICULTURAL REVOLVING LOAN FUND

Notes to Financial Statements for January, 2013 - FY13

Statement of Revenues, Expenses, and Changes in Fund Equity

1. \$56,815 was recorded as interest income. For comparison, December 2012 interest income was \$44,697. Total interest income for July 2012 through January 2013 is \$398,173.

2. \$(29,018) was recorded as ARLF operating expenses. Contractual services included \$12,133 paid through RSA for legal services.

3. Net operating income was \$29,396. For comparison, December 2012 operating income was \$4,046. Mt. McKinley Meat and Sausage Plant loss for the period (Non-Operating Activity) was recorded at \$(69,085).

Comparative Balance Sheet

1. \$6,015,550 was ARLF cash balance on January 31, 2013. For comparison, ARLF cash balance on January 31, 2012 was \$5,038,844.

2. \$12,547,727 was ARLF loans receivable account balance. For comparison, ARLF loans receivable balance on January 31, 2012 was \$12,158,687.

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

1. \$78,519 was recorded as Total Revenues for the month. For comparison, December 2012 revenues account balance was \$155,503.

2. \$(147,604) was recorded as Total Expenses for the month. For comparison, December 2012 expenses account balance was \$(181,859).

3. Fiscal Year-to-Date Loss is \$(92,252).

Loan Activity/Cash outflows

1. \$338,000 is the total amount of loans approved since the beginning of the fiscal year 2013. \$226,460 approved earlier for financing a sale of a leased asset is excluded from the total after the buyer chose another method of financing.

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

| | January | Fiscal Year to Date |
|--|-------------|------------------------|
| Operating Revenues: | Sanuary | I car to Date |
| Interest Income | \$ 56,815 | \$ 398,173 |
| Services (legal, clerical, loan fees, sale products) | - | 9,107 |
| Late Payment Penalties | 199 | 4,169 |
| Rents, including leasehold credits | 1,400 | 15,126 |
| CRP Revenue | - | - |
| Uncollectible Amounts Recovered | - | - |
| Recovery of Expenses | - | - |
| Fines & Forfeitures | - | - |
| Transfers in from Other Funds | - | - |
| Sale of Assets | - | - |
| Total Operating Revenues | 58,414 | 426,575 |
| Operating Expenses: | | |
| Personal Services | 11,690 | 73,868 |
| Travel | 263 | 4,381 |
| Contractual Services | 15,303 | 127,619 |
| Commodities | 1,762 | 4,632 |
| Total Operating Expenses | 29,018 | 210,501 |
| Net Operating Income (Loss) | 29,396 | 216,074 |
| Non-Operating Income (Expenses): | | |
| MMM&S Revenues | 78,519 | 887,655 |
| Mt. McKinley Meat & Sausage Plant | (147,604) | (979,907) |
| Mt. McKinley Meat & Sausage Plant Net Income (loss) | (69,085) | (92,252) |
| Income (Loss) Investment in Mat Maid | (9,605) | (9,605) |
| Income (Loss) Sale of Fixed Assets | - | - |
| Bad Debt Expense | - | - |
| Depreciation Expense | - | - |
| Total Non-Operating Income / (Expenses) | (78,691) | (101,858) |
| Current Period Earnings (Loss) | \$ (49,294) | \$ 114,217 |
| Fund Equity, June 30, 2012 | | \$ 22,864,474 |
| Fund Equity, January 31, 2013 | | \$ 22,978,691 |

AGRICULTURAL REVOLVING LOAN FUND Comparative Balance Sheet January 31, 2013

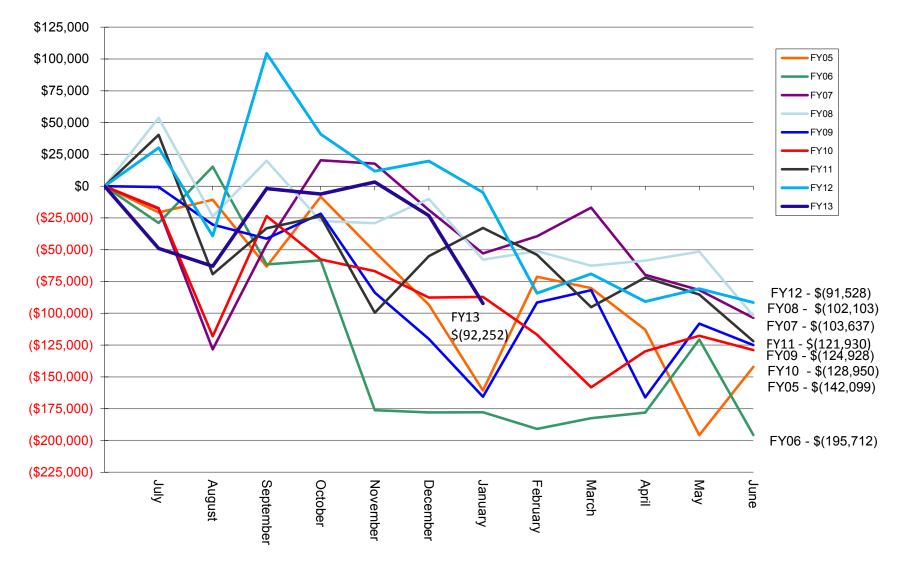
| | January | December | | January | December |
|--|--------------|--------------|------------------------------------|--------------|--------------|
| ASSETS | 2013 | 2012 | <u>LIABILITIES</u> | 2013 | 2012 |
| Current Assets | | | Short Term Liabilities | | |
| Cash | \$ 6,015,550 | \$ 5,593,078 | Warrants Outstanding | \$ 1,996 | \$ 42,244 |
| Receivables | | | Accounts Payable | 606 | 14,098 |
| ARLF Loans | 12,547,727 | 12,757,211 | Accrued Payables | 134,621 | 134,621 |
| Land Sale Contracts | 1,326,805 | 1,330,655 | Accrued Vacation Leave | 41,291 | 41,291 |
| Notes Receivable | 47,986 | 47,986 | Trust Account | 268,400 | - |
| Judgments | - | - | | | |
| Accrued Interest -1- | 118,472 | 118,472 | Total Short Term Liabilities | 446,913 | 232,255 |
| Accrued Penalties -1- | 2,493 | 2,493 | | | |
| Leases/Accounts Receiva -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- | - | - | Due to School Fund -4- | - | |
| Net Receivables | 14,043,484 | 14,256,818 | | | |
| | | | Total Due to Other Funds | - | - |
| Outstanding Loan Warrants | - | - | | | |
| Repossessed Inventory | 29,000 | 29,000 | | | |
| | | | Long Term Liabilities | | |
| Total Current Assets | 20,088,034 | 19,878,896 | Accrued Pension Adjustmen | - | - |
| | | | Total Long Term Liabilities | - | - |
| Due from Other Funds | | | TOTAL LIABILITIES | 446,913 | 232,255 |
| Due from GF | - | - | | | |
| Due from Mental Health | | | | | |
| Total Due from Other Funds | - | - | FUND EQUITY | | |
| Other Assets | | | Fund Equity, Beginning | 22,864,474 | 22,864,474 |
| Investments: -3- | | | Current Year Earnings (Loss) | 114,217 | 163,511 |
| Alaska Farmers Coop | 2,787,153 | 2,787,153 | , | | |
| Mat Maid | - | 43,774 | | | |
| Repossessed Property | 1,299,075 | 1,299,075 | TOTAL FUND EQUITY | 22,978,691 | 23,027,985 |
| Less Accumulated Depreciatio Other Assets | (748,658) | (748,658) | | | |
| Net Other Assets | 3,337,570 | 3,381,344 | | | |
| TOTAL ASSETS | \$23,425,604 | \$23,260,240 | TOTAL LIABILITIES & FUND EQUITY | \$23,425,604 | \$23,260,240 |

Footnotes:

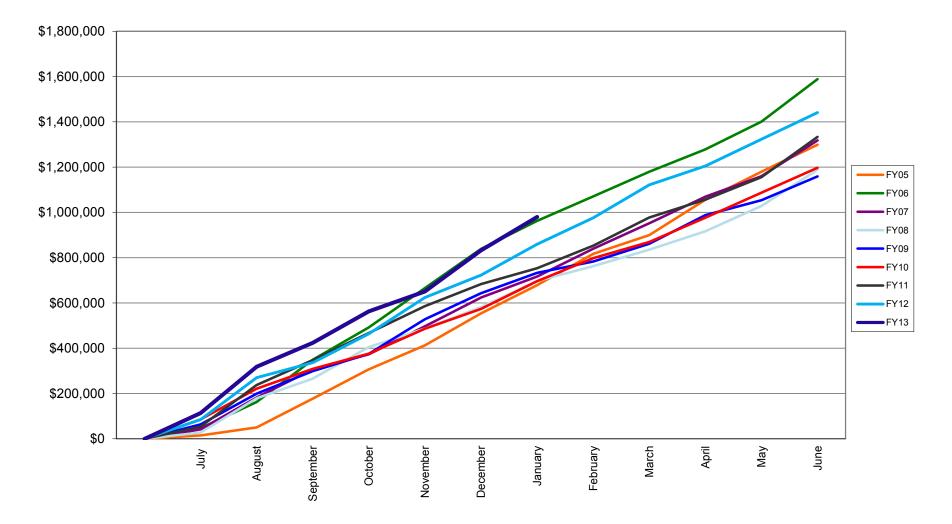
- 1. Adjustments to Accrued Interest, Accrued Penalties, and Leases Receivable are posted only on June 30.
- 2. The Allowance for Doubtful Accounts applies only to the principal balance.
- 3. Adjustments to record changes in Mat Maid's equity are posted only on June 30.
- 4. Includes amounts due to other funds from: a) outstanding land sale contracts on repossessed property; and b) preferred stock issued to ARLF for ARLF and General Fund loans.

| AGRICULTURAL REVOLVIN Statement of Revenues a | Mt McKinley Meat and Sausage Plant AGRICULTURAL REVOLVING LOAN FUND Statement of Revenues and Expenses For Month ended January 31, 2013 | | | | | | | | | | | |
|--|--|-----------------|---------|----------------------|--|--|--|--|--|--|--|--|
| | | January | Ye | Fiscal ar-to-Date | | | | | | | | |
| Revenues: | • | 7 000 | • | 00.000 | | | | | | | | |
| Services Sale of Products | \$ | 7,609 70,039 | \$ | 82,692 798,173 | | | | | | | | |
| Freight | | 70,039 870 | | 6,790 | | | | | | | | |
| Total Revenues | | 78,519 | | 887,655 | | | | | | | | |
| Expenses: | | | | | | | | | | | | |
| Personal Services Travel | | 27,906 - | | 190,299 - | | | | | | | | |
| Contractual Services | | 19,657 | | 84,497 | | | | | | | | |
| Commodities | | 100,041 | | 705,112 | | | | | | | | |
| Total Expenses | | 147,604 | | 979,907 | | | | | | | | |
| Net Earnings / (Loss) | \$ | (69,085) | \$ | (92,252) | | | | | | | | |
| | r | ()) | <u></u> | | | | | | | | | |

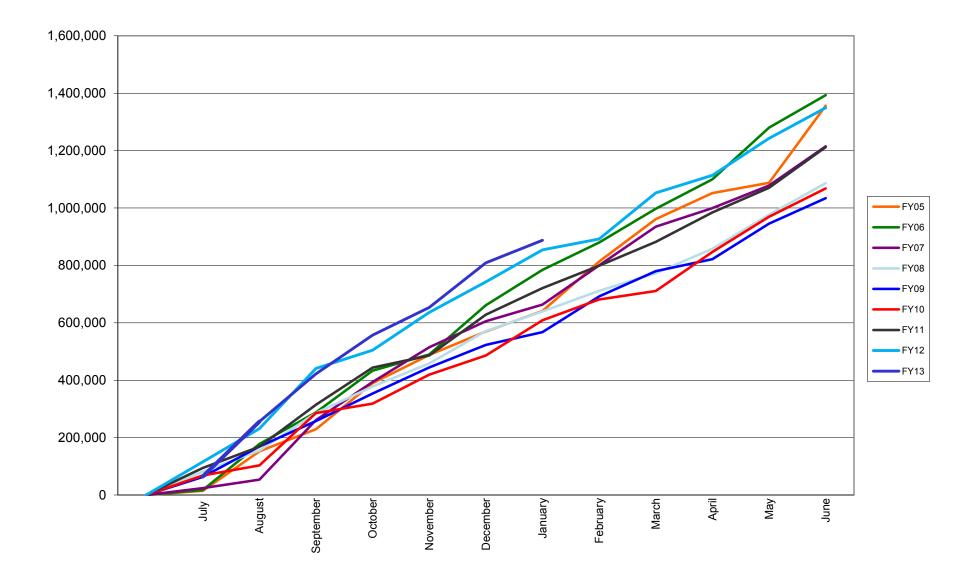
Mt. Mckinley Meat and Sausage Income(Loss) FY 2005 - FY 2013



Mt McKinley Meat and Sausage Cumulative Expenses July 2004 - January 2013



Mt Mckinley Meat and Sausage Revenue Trend July 2004 - January 2013



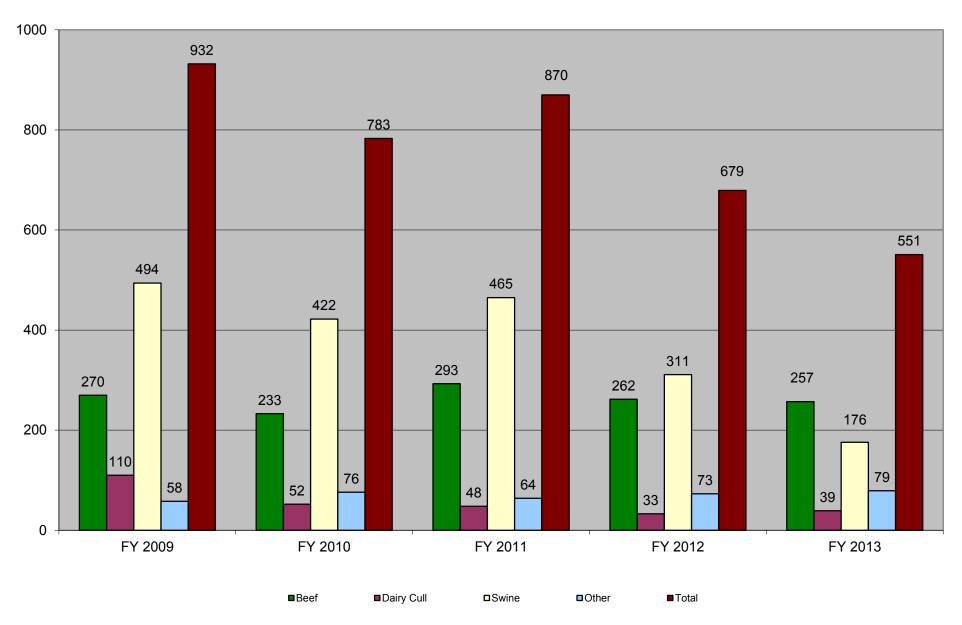
AGRICULTURAL REVOLVING LOAN FUND Loan Activity Report / Undistributed Warrants As of February 14, 2013 - FY 13

| | | | Date | Note | Amount | Warrants | | Available | Amount Distributed | Undistributed |
|--------------------------|------|----------|------------|----------|--------------|--------------|---|--------------|-----------------------|---------------|
| Borrower | LO | Loan # | Approved | Date | Approved | Issued | # | Balance | to Borrower | Warrants |
| | | | | | | | | | | |
| | | | | | | | | | | |
| 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 | | | 226,460.00 | 0.00 | 0.00 |
| Note - did n | ot n | eed ARLF | financing | | (226,460.00) | | | (226,460.00) | | |
| Havemeisters, Bob & Jean | 1 | | 12/5/2012 | | 50,000.00 | | | 50,000.00 | | |
| | | | | | | | | 0.00 | | 0.00 |
| | | | | TOTALS | \$338,000.00 | \$288,000.00 | 1 | \$50,000.00 | \$288,000.00 | \$0.00 |
| | | | | | | | | | | |

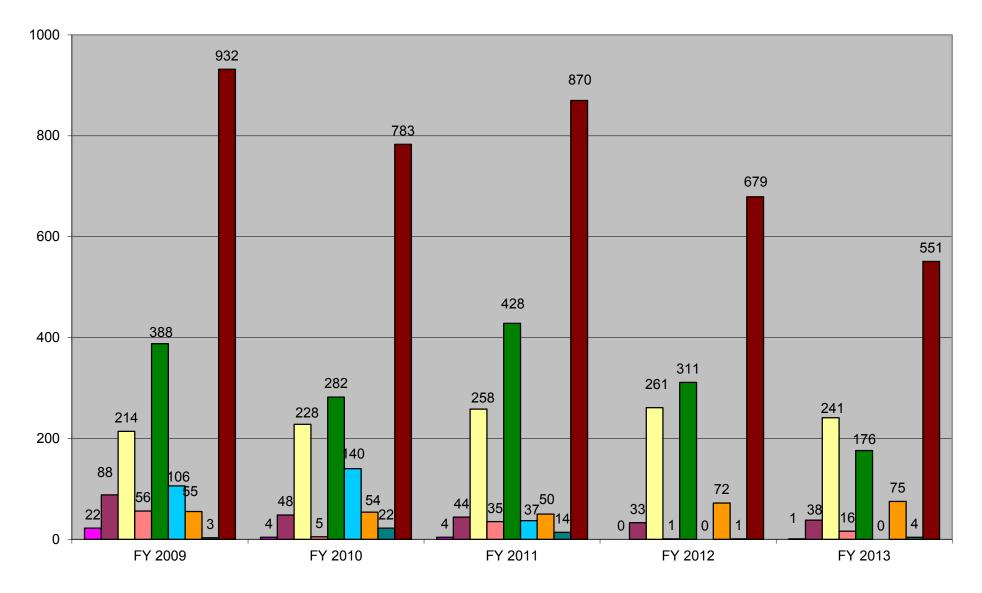
AGRICULTURAL REVOLVING LOAN FUND Loan Activity Report / Undistributed Warrants As of February 14, 2013 - FY 12

| | | | Date | Note | Amount | Warrants | | Available | Amount Distributed | Undistributed |
|----------------------------|----|--------|-----------|------------|----------------|----------------|----|--------------|-----------------------|---------------|
| Borrower | LO | Loan # | Approved | Date | Approved | Issued | # | Balance | to Borrower | Warrants |
| | | | | | | | | | | |
| 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 | 100,000.00 | 4 | 0.00 | 100,000.00 | 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 | 48,451.60 | 3 | 31,548.40 | 48,451.60 | 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 | | 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 | (0.00) | 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 | 0.00 | 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 |
| | | | | TOTALS | \$2,495,545.63 | \$2,315,606.32 | 57 | \$125,031.59 | \$2,315,606.32 | \$0.00 |
| | | | | | | | | | | |
| | | | | | | | | | | |

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



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



Custom Dairy Cull Purchased Dairy Cull Custom Beef Purchased Beef Custom Swine Purchased Swine Custom Other Total

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

| Former Borrower/ | | | Date | F | air Market Value | at Repossessio | | Accum | Liabil | | | Lease I | Information | | | | | | Fair Marke | t Value | |
|------------------------------|-----------------|----------|------------|--------------|------------------|----------------|----------------|--------------|---------|------|-------------|-------------|-------------|----------|---------|-----------------------|-------|-----------|-------------|-------------|-------------|
| Prospective | | | Placed | | | Mach / | Total | Dep. | | Owed | A | | | Exp | Inspect | D | YR | | Land/ | Improve- | Total |
| New Owner | LO Location | Acres | in Service | Land | Buildings | Equip | Value | 6/30/2012 | 6/30/12 | 10 | Amount | Lessee | Lease # | Date | Date | Remarks | YR | Method | Structures | ments | Value |
| Repossessed Inventory (accou | unt # 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 Invento | ry | | - | 29,000.00 | | = | 29,000.00 | | | | | | | | | | | = | 32,600 | = | 32,600 |
| Repossessed Property (Accou | int # 10860 and | d Accum | Depr # 108 | 362) | | | | | | | | | | | | | | | | | |
| 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 Assmt | \$402,500 | | \$402,500 |
| ASSETS with ASSOCIATED | PERMITS | | | | | | | | | | | | | | | | | | Ť | | - |
| 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 Assmt | 435,700 | | 435,700 |
| LONG TERM LEASES | | | | | | | | | | | | | | | | | | | | | |
| Alaska Farm Coop | 1 Delta | 20 | 9/3/93 | 94,080.00 | | | 94,080.00 | | | | 0.50 /Y | r AK Farm C | LSE-021 | 6/30/18 | Apr-09 | FS; Hanson Rd/98% own | nr 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 /Y | r 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 | 255,608.00 | | | 1,400.00 /M | lo Knopp | 40005 | 9/1/12 | May-12 | | 12 | Est | 76,300 | 259,200 | 335,500 |
| Sub-t | otal Long Tern | n Leases | 5 | \$183,710.00 | \$304,850.00 | \$0.00 | \$488,560.00 | \$255,608.00 | \$0.00 | | | | | | | - | | | \$146,300 | \$1,072,880 | \$1,219,180 |
| LAND OWNED BY OTHER S | TATE AGENCI | ES - REV | VENUE RIG | HTS ONLY | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | Land owned by DOT, | | | | | |
| Umnak Slaughter Fac | 1 Umnak Is | 6,598 | 1/1/07 | | 10,000.00 | | 10,000.00 | 6,885.00 | | | 3,926.00 /Y | r BPR & AN | 1 20043 | 12/31/31 | Jul-99 | Bldg owned by ARLF | 05 | Est | | 50,000.00 | 50,000.00 |
| Total - Repossessed Proper | ty | | | 354,830.00 | 924,482.00 | 19,763.00 | 1,299,075.00 | 748,658.00 | rounded | | | | | | | | | | 984,500 | 1,122,880 | 2,107,380 |
| | | | | | | | | | | | | | | | | | | | | | |
| GRAND TOTAL | | | - | \$383,830.00 | \$924,482.00 | \$19,763.00 | \$1,328,075.00 | \$748,658.00 | - | | | | | | | | | | \$1,017,100 | \$1,122,880 | \$2,139,980 |
| | | | - | | | | | | - | | | | | | | | | | | | |
| | | | | | | | _ | | | | | | | | | | | | | | |

| LEG | END | 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 January 31, 2013

ASSETS with ASSOCIATED PERMITS, AGREEMENTS OR LEASES 10860

| | | | Former | Date Acquired | Date Placed in | Booked on Date A | | Accum Depr | | |
|----------------------------|----|-----|----------------------|------------------|-------------------|---------------------|------------------|---------------|----------|---------|
| ltem | LO | Qty | Owner | by ARLF | Service | Each | Total | 6/30/2012 | Location | Remarks |
| 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 | | | | | | | <u>28,440.00</u> | | | |

| ertz 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 | 255,608.00 | |
| Subtotal Building | · | | Morte | 24 001 01 | 24 601 61 | 001,000.00 | 304,850.00 | 255,608.00 | |
| Total Mertz Dairy | | | · | | | · | <u>305,850.00</u> | 255,608.00 | |
| | | | | | | I | | | I |
| t 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 | | | | | | | <u>600,955.00</u> | <u>486,164.72</u> | |
| manale Claumhton Facility | | | | | | | | | |
| mnak Slaughter Facility | | | | | | | | | |
| Building | 1 | 1 | Umnak Slghtr 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

<u>748,658</u>