

The logo consists of three blue, stylized, upward-pointing chevrons of varying sizes, stacked vertically, positioned to the right of the word "Alaska".

Alaska
Housing
FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements
And Independent Auditor's Report

June 30, 2012

With Summarized Financial Information for
June 30, 2011

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Independent Auditor's Report

The Board of Directors
Alaska Housing Finance Corporation:

We have audited the accompanying statements of net assets, revenues, expenses, and changes in net assets and cash flows of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation (the Corporation) as of and for the year ended June 30, 2012, which collectively comprise the Corporation's basic financial statements. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2011 financial statements and in our report dated September 26, 2011, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation as of June 30, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 27, 2012, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Board of Directors
Alaska Housing Finance Corporation:

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financials statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financials statements, and other knowledge we obtained during our audit of the basic financials statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alaska Housing Finance Corporation's basic financial statements. The accompanying information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mikunda, Cottrell & Co.

Anchorage, Alaska
September 27, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation's ("the Corporation") consists of three sections: management's discussion and analysis, the basic financial statements and supplementary schedules. The Corporation's operations are business type activities and follow enterprise fund accounting. The Corporation is a component unit of the State of Alaska ("the State") and is discretely presented in the State's financial statements. The Corporation's basic financial statements include: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; the Statement of Cash Flows and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and grouped by program or function. Summarized financial information for FY 2011 is also presented here in the Management's Discussion and Analysis and the footnotes to facilitate and enhance the understanding of the Corporation's financial position, and the results of operations for the current fiscal year in comparison to the prior fiscal year.

Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended June 30, 2012. This information is being presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

Basic Financial Statements

The *Statement of Net Assets (Exhibit A)* answers the question, "How is our financial health at the end of the year?" This statement includes all assets and liabilities of the Corporation, both financial and capital, short-term and long-term, using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The resulting net assets presented in this statement are displayed as restricted or unrestricted. Assets are restricted when their use is subject to external limits such as bond resolutions, legal agreements or statutes. Assets not included in this category are characterized as unrestricted. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets (Exhibit B)* measures the activities of the Corporation's operations over the past year and presents the operating income (loss) and change in net assets. It can be used to determine whether the Corporation has successfully recovered all of its costs through mortgage and loan interest, investment interest, externally funded programs and other revenue sources. This statement helps answer the question, "Is the Corporation as a whole better off or worse off as a result of the year's activities?"

The primary purpose of the *Statement of Cash Flows (Exhibit C)* is to provide information about the sources and uses of the Corporation's cash and the components of the change in cash balance during the reporting period. This statement reports cash receipts, cash payments, and net changes resulting from operating, non-capital financing, capital financing and investing activities. It provides answers to such questions as "Where did cash come from?", "What was cash used for?" and "What was the change in cash balance during the reporting period?"

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements. The *Notes to Financial Statements* follow *Exhibit C*.

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For the fiscal year 2012, the Corporation reports the following major funds:

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Administrative Fund* is the main operating fund of the Corporation. It represents all of the Corporation's activity not presented in other funds. The resources in this fund:

- provide for general working capital requirements of the Corporation
- fund program requirements
- are available to meet outstanding obligations and to fund continuing appropriations
- are available to absorb future loan foreclosure losses, and
- are the source of legislatively authorized transfers to and from the State and debt service payments for debt issued on behalf of the State for state capital projects

As of June 30, 2012, the Administrative Fund reported net assets of \$800 million, a decrease of \$68 million from June 30, 2011. The decrease in net assets can be primarily attributed to Operating income of \$13 million, offset by internal transfers from the Administrative fund of \$73 million and contributions to the State of Alaska of \$8 million. Approximately \$16 million of the Administrative Fund's net assets are invested in capital assets net of related debt or 2%, \$96 million, or 12%, are restricted by contractual or statutory agreements and \$688 million, or 86%, are unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The Administrative Fund reported operating income of \$13 million for FY 2012, a \$9 million decrease from FY 2011 due primarily to a decrease of \$5 million in loan revenue and an increase in total operating expenses of \$4 million.

The *Energy Programs*: resources and programs used to assist in improving the energy efficiency of Alaska homes.

The *Section 8 Vouchers Programs*: tenant-based rental assistance programs for families in the private market that are administered by the Corporation under contract with HUD.

The *Grant Programs*: resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families.

The *Mortgage or Bond Funds*: resources used to assist in the financing of loan programs or to fund legislature appropriations. These funds include the First Time Homebuyer Program Bonds, Veterans Mortgage Program Bonds, Other Housing Bonds, and Non-Housing Bonds.

The *Other Funds or Programs*: AHFC owned housing for low income families that is managed under contract with HUD. These programs include the Low Rent programs and the Affordable Housing Programs.

FINANCIAL HIGHLIGHTS

- As a result of this year's operations, the Corporation's operating loss was \$30 million.
- The Corporation's assets exceeded its liabilities, as of June 30, 2012, by \$1.6 billion (net assets).
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2012, mortgage loans decreased by 9%.
- During the fiscal year ended June 30, 2012, the Corporation's total assets decreased by \$368 million and total liabilities, without derivatives, decreased by \$330 million.
- Energy capital asset improvements funded by the Energy Program using ARRA monies were completed on various AHFC owned buildings. Capital asset improvements to Administrative Fund buildings amounted to \$2 million, to Low Rent buildings was \$4 million and to Affordable Housing buildings was \$1 million.
- The Corporation has a new subsidiary, Alaska Corporation for Affordable Housing (ACAH) incorporated in February, 2012. There was no activity in the new subsidiary in fiscal year 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENT OF NET ASSETS

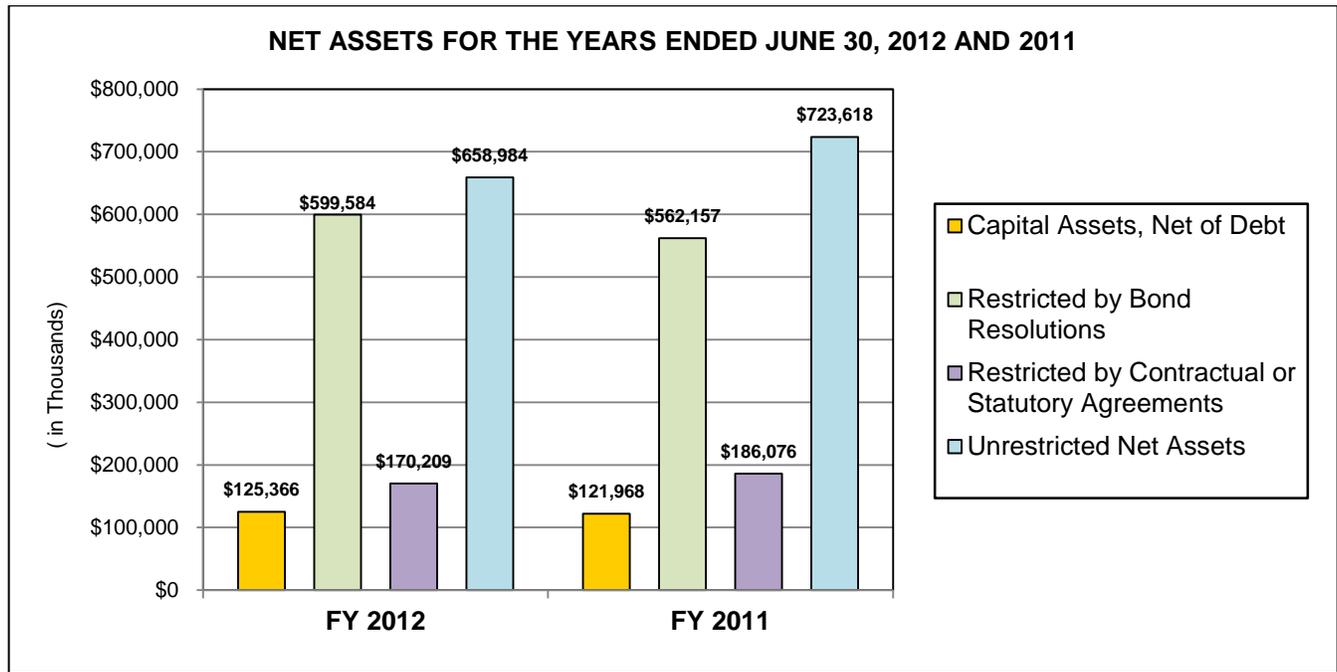
The following table presents condensed information about the financial position of the Corporation as of June 30, 2012 and 2011, and changes in the balances of selected items during the fiscal year ended June 30, 2012 (in thousands):

	2012	2011	Change Increase (Decrease)	
Investments	1,231,890	1,362,107	(130,217)	(9.6) %
Mortgage loans, notes and other loans, net	2,525,004	2,759,511	(234,507)	(8.5) %
Capital assets, net	125,366	121,968	3,398	2.8 %
Total assets, excluding deferred outflows	4,072,891	4,441,104	(368,213)	(8.3) %
Bonds and notes, net	2,407,864	2,721,113	(313,249)	(11.5) %
Short term debt	68,685	86,976	(18,291)	(21.0) %
Total liabilities, excluding derivatives	2,515,025	2,845,326	(330,301)	(11.6) %
Total net assets, net	1,554,143	1,593,819	(39,676)	(2.5) %

The decrease in total assets during FY 2012 can be primarily attributed to decreases in investments and mortgage loans. The decrease in mortgage loans resulted from collection of loan payments exceeding new loan purchases.

The decrease in total liabilities is primarily attributed to decreases in bond debt and short term debt.

The chart below represents the classification of unrestricted and restricted net assets, and capital assets, net of debt, for FY 2012 and FY 2011.

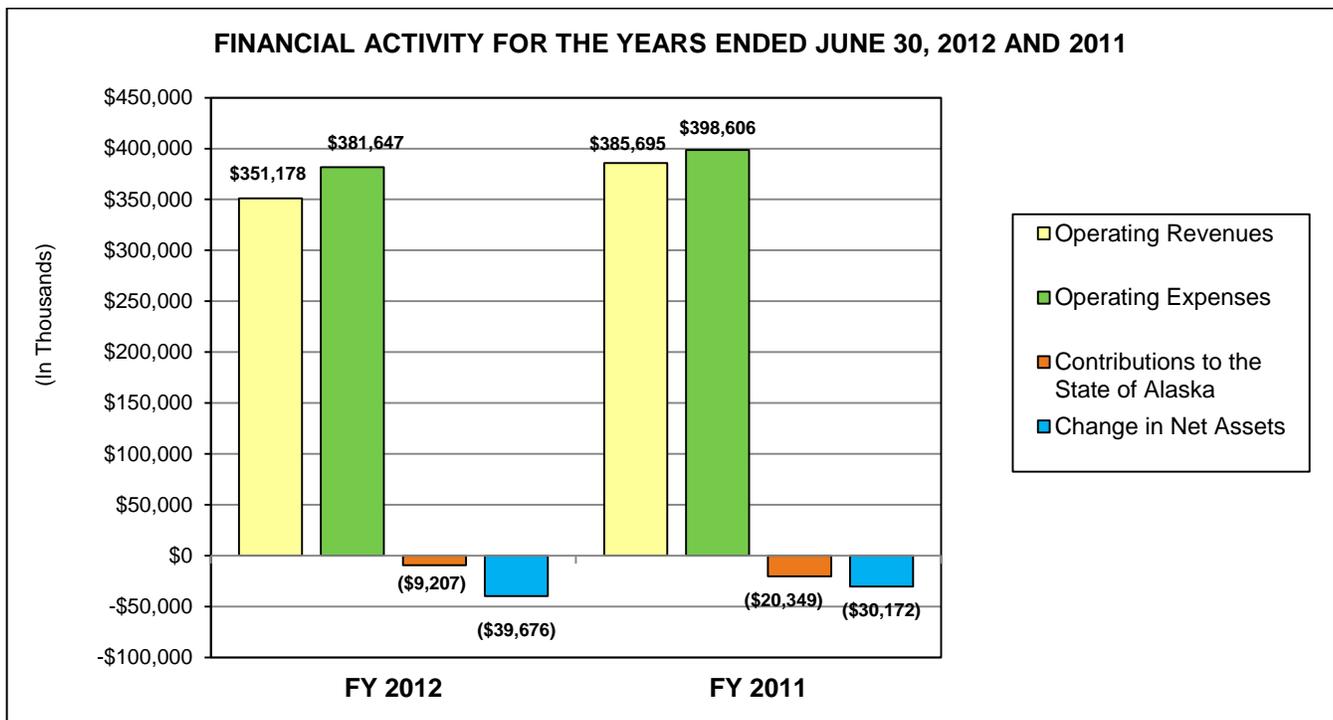


MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The following table presents condensed information about the revenues, expenses and changes in net assets for the fiscal years ended June 30, 2012 and 2011, and the variances from the prior fiscal year (in thousands):

	2012	2011	Change	Increase (Decrease)
Mortgage and loan revenue	147,078	164,242	(17,164)	(10.5) %
Investment interest income	6,793	8,454	(1,661)	(19.6) %
Net change in the fair value of investments	7,667	7,766	(99)	(1.3) %
Externally funded programs	179,704	194,411	(14,707)	(7.6) %
Total operating revenues	351,178	385,695	(34,517)	(8.9) %
Interest expense	111,558	122,138	(10,580)	(8.7) %
Operations and administration	57,126	54,100	3,026	5.6 %
Housing grants and subsidies	179,194	196,168	(16,974)	(8.7) %
Total operating expenses	381,647	398,606	(16,959)	(4.3) %
Operating loss	(30,469)	(12,911)	17,558	136.0 %
Contributions to the SOA or other State agencies	(9,207)	(20,349)	(11,142)	(54.8) %
Special item	-	3,088	(3,088)	(100.0) %
Change in net assets	(39,676)	(30,172)	9,504	31.5 %



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues decreased by \$35 million, or 9%, during FY 2012 primarily due to decreases in mortgage and loan revenue and externally funded program revenue.

Total operating expenses decreased by \$17 million, or 4% during FY 2012 primarily due to decreases in interest expense and housing grants and subsidies expense offset by increases in provision for loan loss expense, rental housing operating expense, and operations and administration expense.

The net effect of changes in operating revenues and expenses was an \$18 million or 136% increase in operating loss from FY 2011.

The Corporation continued its series of annual payments to the State of Alaska and State agencies. As a result of a modification to the Transfer Plan during the 2004 Legislative Session, transfers to the State for FY 2012 were \$9 million and for FY 2011 were \$20 million. See footnote 16 for details about the Transfer Plan calculation for FY 2012.

DEBT ADMINISTRATION

As of June 30, 2012, the Corporation had \$2.4 billion of bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's debt is rated by three major rating agencies. The ratings assigned to the Corporation by each of those agencies are:

Rating Category	Fitch Ratings	Moody's Investors Service	Standard & Poor's
General Obligation:			
Long Term	AA+	Aa2	AA+
Short Term	F1+	P-1	A-1+

Significant debt activity during the year included the following:

- Issued \$200 million in Tax-Exempt First Time Homebuyers Bonds;
- Issued \$29 million in Taxable First Time Homebuyers Bonds;
- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of \$363 million;
- Converted \$129 million bonds under the federal New Issue Bond Program.

Additional information on the Corporation's long-term debt can be found in the Notes to Financial Statements.

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

The primary business activity of the Corporation is providing a secondary market for the purchase of single-family and multi-family mortgage loans. The Corporation's mortgage financing activities are sensitive to changes in interest rates, the spread between the rate on the Corporation's loans and those available in the conventional mortgage markets, and the availability of affordable housing in the State. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Corporation to continue its mortgage financing activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporation's main sources of revenues include mortgage loan activity, investment interest income and externally funded grants and subsidies. Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates rise, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates fall, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates.

Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. The Corporation uses many of these prepayments to call the corresponding bond series, which lowers the interest expense incurred on the Corporation's overall bonds outstanding, or to recycle mortgages to obtain the maximum allowable spread.

Large federal deficits or changes in programs or funding levels could have a negative impact on externally funded program revenues.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives during the periods reported. If you have questions about this report or need additional financial information, please visit the Corporation's web site www.ahfc.us.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

As of June 30, 2012

(in thousands of dollars)

	Administrative Fund	Energy Programs	Section 8 Vouchers Programs
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Cash	35,636	3,890	4,884
Investments	749,532	-	-
Accrued interest receivable	1,266	-	-
Inter-fund due to/from	(28,224)	(15,142)	(1,894)
Mortgage loans, notes and other loans	94,605	-	-
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	2,539	-	-
Capital assets - depreciable, net	13,333	3	41
Other assets	11,571	11,645	644
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	407	10,379	-
Deferred outflow of resources	-	-	-
Total Assets and Deferred Outflows	880,665	10,775	3,675
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Bonds and notes payable	-	-	-
Short term debt	68,685	-	-
Accrued interest payable	1,511	-	-
Other liabilities	10,511	10,371	353
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	47	-	-
Deferred inflow of resources	-	-	-
Total Liabilities & Deferred Inflows	80,754	10,371	353
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	15,872	3	41
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	96,058	3,342	5,333
Unrestricted net assets, (deficit)	687,981	(2,941)	(2,052)
Total Net Assets	799,911	404	3,322

See accompanying notes to the financial statements.

Exhibit A

Grant Programs	Mortgage or Bond Funds	Other Funds or Programs	Total June 30, 2012
47	217	19,957	64,631
-	471,244	11,114	1,231,890
-	11,157	-	12,423
(17,900)	63,320	(160)	-
-	2,430,399	-	2,525,004
-	53,192	-	53,192
-	14,110	-	14,110
-	-	14,092	16,631
-	-	95,358	108,735
7,359	28	819	32,066
-	-	-	-
3,423	-	-	14,209
-	215,757	-	215,757
(7,071)	3,259,424	141,180	4,288,648
-	2,407,864	-	2,407,864
-	-	-	68,685
-	9,812	-	11,323
2,446	1,324	1,642	26,647
-	219,480	-	219,480
-	217	242	506
-	-	-	-
2,446	2,638,697	1,884	2,734,505
-	-	109,450	125,366
-	599,584	-	599,584
6,991	27,473	31,012	170,209
(16,508)	(6,330)	(1,166)	658,984
(9,517)	620,727	139,296	1,554,143

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Administrative Fund	Energy Programs	Section 8 Vouchers Programs
<u>OPERATING REVENUES</u>			
Mortgage and loans revenue	8,896	-	-
Investment interest	410	3	9
Net change in the fair value of investments	7,710	-	-
Net change of hedge termination	-	-	-
Total Investment Revenue	8,120	3	9
Externally funded programs	-	110,626	36,117
Rental	51	-	1
Other	2,559	2	61
Total Operating Revenues	19,626	110,631	36,188
<u>OPERATING EXPENSES</u>			
Interest	130	-	-
Mortgage and loan costs	1,476	-	-
Financing expenses	623	-	-
Provision for loan loss	(2,666)	-	-
Operations and administration	2,562	5,065	4,340
Rental housing operating expenses	437	1,974	107
Housing grants and subsidies	3,268	100,385	30,479
Total Operating Expenses	5,830	107,424	34,926
Operating Income (Loss)	13,796	3,207	1,262
<u>NONOPERATING EXPENSES.</u>			
<u>SPECIAL ITEM & TRANSFERS</u>			
Contributions to the State of Alaska or other State agencies	(8,398)	-	-
Special Item	-	-	-
Transfers - Internal	(73,355)	(5,245)	(61)
Change in Net Assets	(67,957)	(2,038)	1,201
Net assets at beginning of year	867,868	2,442	2,121
Net Assets at End of Period	799,911	404	3,322

See accompanying notes to the financial statements.

Exhibit B

Grant Programs	Mortgage or Bond Funds	Other Funds or Programs	Total June 30, 2012
-	138,182	-	147,078
-	6,353	18	6,793
-	(47)	4	7,667
-	(1,765)	-	(1,765)
-	4,541	22	12,695
17,690	-	15,271	179,704
-	-	8,502	8,554
251	250	24	3,147
17,941	142,973	23,819	351,178
-	111,428	-	111,558
-	9,655	-	11,131
-	7,184	-	7,807
-	1,124	-	(1,542)
2,003	27,076	16,080	57,126
-	-	13,855	16,373
44,921	-	141	179,194
46,924	156,467	30,076	381,647
(28,983)	(13,494)	(6,257)	(30,469)
-	(809)	-	(9,207)
-	-	-	-
41,105	26,256	11,300	-
12,122	11,953	5,043	(39,676)
(21,639)	608,774	134,253	1,593,819
(9,517)	620,727	139,296	1,554,143

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Administrative Fund	Energy Programs	Section 8 Voucher Programs
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	3,832	-	-
Principal payments received on mortgages and loans	9,375	-	-
Purchases of mortgages and loans	(425,878)	-	-
Receipt (payment) for loan transfers between funds	381,967	-	-
Payments to employees and other payroll disbursements	(23,521)	(1,606)	(3,146)
Payments for goods and services	(15,718)	(5,686)	(403)
Cash received for externally funded programs	-	108,518	3,750
Cash received for Federal HAP subsidies	-	-	34,214
Payments for Federal HAP subsidies	-	-	(32,798)
Interfund Receipts	1,031,057	108,611	3,486
Interfund Payments	(1,021,919)	(106,517)	(3,072)
Grant payments to other agencies	(34,950)	(94,938)	-
Other operating cash receipts	43,166	329	248
Other operating cash payments	(20,167)	-	(129)
Net cash provided by (used for) operating activities	(72,756)	8,711	2,150
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(1,062)	-	-
Interest paid	(1,594)	-	-
Proceeds from issuance of short term debt	345,931	-	-
Payment of short term debt	(364,209)	-	-
Contributions to the State of Alaska or other State agencies	(9,381)	-	-
Transfers (to) from other funds	111,167	-	-
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	80,852	-	-
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(3,749)	(6,383)	(20)
Proceeds from the disposal of capital assets	5	-	1
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from the direct financing lease payments	-	-	-
Other cash payments	(30)	-	-
Net cash provided by (used for) capital financing activities	(3,774)	(6,383)	(19)
<u>Cash flows from investing activities:</u>			
Purchase of investments	(2,949,170)	-	-
Proceeds from maturity of investments	2,939,044	-	-
Interest received from investments	353	3	9
Net cash provided by (used for) investing activities	(9,773)	3	9
Net Increase (decrease) in cash	(5,451)	2,331	2,140
Cash at the beginning of year	41,087	1,559	2,744
Cash at the end of period	35,636	3,890	4,884
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	13,796	3,207	1,262
<i>Adjustments:</i>			
Depreciation expense	685	4	14
Provision for loan losses	(2,666)	-	-
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(7,710)	-	-
Transfers between funds for operating activity	(80,326)	2,213	(61)
Interest received from investments	(353)	(3)	(9)
Interest paid	1,594	-	-
<i>Changes in assets and liabilities:</i>			
Net increase (decrease) in mortgages and loans	(34,536)	-	-
Net increase (decrease) in assets and liabilities	36,760	3,290	944
Net cash provided by (used for) operating activities	(72,756)	8,711	2,150
Noncash investing, capital and financing activities:			
Deferred outflow of resources	-	-	-
Derivative instruments liability	-	-	-
Net change of hedge termination	-	-	-
Conversion of NIBP bonds to 2010 Series A-1	-	-	-
Conversion of NIBP bonds from 2009 Series A-1	-	-	-
Transfer of Investments	196	-	-
Transfer of capital assets	2,228	(7,456)	-

See accompanying notes to the financial statements.

Exhibit C

Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Total June 30, 2012
-	129,290	-	133,122
-	634,358	-	643,733
-	-	-	(425,878)
-	(381,967)	-	-
(898)	-	(8,701)	(37,872)
(354)	-	(8,939)	(31,100)
16,088	-	15,353	143,709
-	-	-	34,214
-	-	-	(32,798)
20,903	753,459	17,768	1,935,284
(18,189)	(765,173)	(20,414)	(1,935,284)
(18,327)	-	-	(148,215)
1,845	168,580	8,514	222,682
(1,024)	(171,488)	(33)	(192,841)
44	367,059	3,548	308,756
-	100,305	-	100,305
-	(410,704)	-	(410,704)
-	-	-	-
-	-	-	(1,062)
-	(108,661)	-	(110,255)
-	-	-	345,931
-	-	-	(364,209)
-	(809)	-	(10,190)
-	(111,167)	-	-
-	-	-	-
-	(531,036)	-	(450,184)
-	-	(421)	(10,573)
-	-	3	9
-	-	-	-
-	(4,011)	-	(4,011)
-	-	-	-
-	(1,733)	-	(1,733)
-	6,771	-	6,771
-	-	-	(30)
-	1,027	(418)	(9,567)
-	(3,196,107)	(22,109)	(6,167,386)
-	3,344,164	22,095	6,305,303
-	3,914	19	4,298
-	151,971	5	142,215
44	(10,979)	3,135	(8,780)
3	11,196	16,822	73,411
47	217	19,957	64,631
(28,983)	(13,494)	(6,257)	(30,469)
-	-	6,946	7,649
-	1,124	-	(1,542)
-	3,831	-	3,831
-	47	(4)	(7,667)
41,105	33,139	3,930	-
-	(3,914)	(19)	(4,298)
-	110,394	-	111,988
-	252,391	-	217,855
(12,078)	(16,459)	(1,048)	11,409
44	367,059	3,548	308,756

(114,821)
116,586
(1,765)
128,750
(128,750)
(196)

5,228

NOTES TO FINANCIAL STATEMENTS

FOOTNOTE INDEX

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (Corporation), a public corporation and government instrumentality of the State of Alaska (State), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (Legislature) to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State of Alaska and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate and mobile home loans originated by financial institutions. The Corporation is authorized by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State of Alaska. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development (HUD), Energy (DOE), and Health and Human Services (HHS), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Corporation has the following subsidiaries that are not component units of the Corporation and thus not included in the Corporation's financial statement. They were incorporated as subsidiaries of the Corporation under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. They issue their own annual stand-alone audited financial statements.

- The Northern Tobacco Securitization Corporation (NTSC) was incorporated on September 29, 2000 in the State of Alaska pursuant to House Bill No. 281 of the 2000 Alaska Legislature.
- The Alaska Housing Capital Corporation (AHCC) was incorporated on May 23, 2006 in the State of Alaska pursuant to Senate Bill 232 of the 2006 Alaska Legislature.
- The Alaska Gasline Development Corporation (AGDC) was incorporated on May 14, 2010 in the State of Alaska pursuant to House Bill 369 of the 2010 Alaska Legislature.

There is no financial accountability between NTSC, AHCC, AGDC and the Corporation. Neither the Corporation nor the State is liable for any debt issued by these subsidiaries. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

The Corporation has a new subsidiary, Alaska Corporation for Affordable Housing (ACAH), incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. Neither the Corporation nor the State is liable for any debt issued by ACAH. It is a government instrumentality of, but has a legal existence separate and apart from, the State.

- ACAH was incorporated on February 1, 2012 in the State of Alaska pursuant to House Bill 119 of the 2011 Alaska Legislature.

ACAH was formed to benefit and support the Corporation in providing safe, quality and affordable housing and services to low-income, moderate-income and elderly Alaskans. AHFC has financial accountability for ACAH due to its fiscal dependency on AHFC. ACAH is a blended component unit of the Corporation and thus will be included on the Corporation's financial statements. As of June 30, 2012, ACAH had no activity.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's funds are accounted for as enterprise funds for financial reporting purposes. All funds utilize the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The Corporation applies all Governmental Accounting Standards Board (GASB) pronouncements for the Corporation's funds, as well as those Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, unless such pronouncements conflict with or contradict GASB pronouncements. After November 30, 1989, the Corporation only applies applicable GASB pronouncements.

Basis of Presentation

The Corporation's financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets formatted to report operating and non-operating revenues and expenses, a Cash Flow Statement presented using the direct method, and notes to the financial statements. The Corporation's financial statements present the Administrative Fund and the other Major Funds in separate columns. The total column presents the entity-wide amounts for the Corporation.

Major Funds

Administrative Fund. This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, except those accounted for in separate funds.

Energy Programs. Resources and programs to assist in improving the energy efficiency of Alaska homes are aggregated and reported in Energy Programs.

Section 8 Vouchers Programs. Tenant-based rental assistance programs for families in the private market administered by the Corporation under contract with HUD are aggregated and reported in Section 8 Vouchers Programs.

Grant Programs. Resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families are aggregated and reported in Grant Programs.

Mortgage or Bond Funds. Resources to assist in the financing of loan programs or to fund legislature appropriations are aggregated and reported in Mortgage or Bond Funds.

Other Funds or Programs. AHFC owned housing for low income families managed under contract with HUD are aggregated and reported in Other Funds or Programs.

Restricted Net Assets

The restricted net asset amounts of the Administrative Fund consist of the Corporation's remaining commitments to the State (refer to Footnote No. 16, State Authorizations and Commitments, for further details). The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond resolutions, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net asset balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The significant estimate for the Corporation is the allowance for loan losses.

Investments

All investments are stated at fair value, except for nonparticipating investment agreements, which are stated at cost. The Corporation does not participate in any external investment pools.

NOTES TO FINANCIAL STATEMENTS

Accrued Interest Receivable on Loans and Real Estate Owned

Interest is accrued based upon the principal amount outstanding. Accrual of interest income is discontinued on loans when, in the opinion of management, collection of such interest becomes doubtful. When payment of interest is provided for pursuant to the terms of loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Loans and Allowances for Estimated Loan Losses

Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Mortgage loans are recorded as amounts are disbursed.

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate and Mobile Homes Owned

Real estate and mobile homes owned consist principally of properties acquired through foreclosure or repossession and are carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation

Depreciation and amortization of buildings, equipment and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization floor is \$5,000.

Bonds and Notes

The Corporation issues bonds and notes to provide capital for its mortgage programs and other uses consistent with its mission. The bonds and notes are recorded at cost plus accreted interest and premiums, less discounts and deferred debt refunding expenses. Discounts and premiums are amortized using the straight-line method. Deferred debt refunding expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Derivative Instruments-Interest Rate Swaps

The Corporation's Fiscal Policies allow, with certain restrictions, the Corporation to enter into certain derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into these swaps with various counter-parties to achieve a lower overall cost of funds for certain bond issuances. These agreements can be negotiated whereby the Corporation pays the counter-party a fixed interest rate in exchange for a variable interest rate payment from the counter-party, or vice-versa. The swap agreements are negotiated to achieve the financing objectives of the Corporation. The swaps are stated at fair value. The change in the fair value of the swaps is recorded as deferred inflows or deferred outflows or as investment revenue.

Operating Revenues and Expenses

The Corporation was created with the authority to issue bonds to the investing public in order to create a flow of private capital through the Corporation into mortgage loans to qualified housing sponsors and to certain individuals. The Corporation's primary purpose is to borrow funds in the bond market and to use those funds to make single-family and multi-family mortgages and loans. Its primary operating revenue is derived from the interest income and fees from those mortgages and loans and on the invested proceeds from the bond issues. Additionally, the Corporation's statutory purpose includes providing financial assistance programs for rental subsidies to tenants of various housing developments. The Corporation records all revenues from mortgages and loans, investments, rental activities, and externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

Income Taxes

The Corporation is exempt from federal and state income taxes.

NOTES TO FINANCIAL STATEMENTS

3 CASH AND INVESTMENTS

Cash consists of demand deposits, time deposits and cash held in trust. The carrying amount of the Corporation's cash is restricted by bond resolutions, contractual agreements, and statutory agreements. A summary of the Corporation's cash is shown below (in thousands):

	June 30, 2012	June 30, 2011
Restricted cash	\$ 28,996	\$ 32,325
Unrestricted	35,635	41,086
Carrying amount	<u>\$ 64,631</u>	<u>\$ 73,411</u>
Bank Balance	<u>\$ 65,634</u>	<u>\$ 76,107</u>

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

	Investment Maturities (In Years)				June 30,	June 30,
	Less Than 1	1-5	6-10	More Than 10	2012	2011
Bank investment contracts	\$ -	\$ 40,734	\$ -	\$ -	\$ 40,734	\$ 49,002
U. S. Treasury securities	1,335	3,801	-	-	5,136	17,173
Securities of U. S. Government agencies and corporations	305	2,877	248	1	3,431	10,235
Asset-backed securities	-	-	-	-	-	227
Certificates of deposit	1,000	-	-	-	1,000	3,000
Negotiable certificates of deposit	-	-	-	-	-	3,300
Commercial paper & medium-term notes	507,215	2,789	-	-	510,004	25,051
Guaranteed investment contracts	-	-	-	-	-	-
Money market funds	81,189	-	-	-	81,189	741,566
Subtotal	<u>\$ 591,044</u>	<u>\$ 50,201</u>	<u>\$ 248</u>	<u>\$ 1</u>	641,494	849,554
GeFONSI pool					590,396	512,553
Total AHFC Portfolio					<u>\$ 1,231,890</u>	<u>\$ 1,362,107</u>

Restricted Investments

The carrying amount of the Corporation's investments, a majority of which are restricted by bond resolutions, contractual agreements, and statutory agreements, is shown below (in thousands):

	June 30, 2012	June 30, 2011
Restricted Investments	\$ 578,416	\$ 755,984
Unrestricted	653,474	606,123
Carrying amount	<u>\$ 1,231,890</u>	<u>\$ 1,362,107</u>

Realized Gains and Losses

The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments included in the table below takes into account all changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

	June 30, 2012	June 30, 2011
Ending unrealized holding gain	\$ 20,602	\$ 12,971
Beginning unrealized holding gain	12,971	5,265
Net change in unrealized holding gain	7,631	7,706
Net realized gain (loss)	36	60
Net increase (decrease) in fair value	<u>\$ 7,667</u>	<u>\$ 7,766</u>

NOTES TO FINANCIAL STATEMENTS

Deposit and Investment Policies

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet the projected need for use of such funds.

The following securities are eligible for investment under the Corporation's Fiscal Policies:

- Obligations backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored enterprises (GSEs) and federal agencies not backed by the full faith and credit of the United States
- Obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Money market funds rated at least "AAm" by S&P or "Aa-mf" by Moody's or "AAmmf" by Fitch;
- Banker's acceptances and negotiable certificates of deposit of any bank the unsecured short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and which is incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank having a long-term issuer rating of at least "AA" from S&P or "Aa2" from Moody's or "AA" from Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements (repos) where: the counterparty is designated as a primary dealer by the Federal Reserve and has a long-term debt rating of at least "A" by S&P or "A" by Moody's or "A" by Fitch or a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch; collateral is pledged at a minimum level of 102%, valued on a daily basis with a one-business-day cure period; the term of such repurchase agreement is one week or less; a third-party custodian acting as the Corporation's agent has possession of the collateral and holds such collateral in the Corporation's name; the agreement is evidenced by standard documents published by the Securities Industry and Financial Markets Association (SIFMA); and the securities to be repurchased are obligations backed by the full faith and credit of the United States or obligations of U.S. government-sponsored enterprises and federal agencies not backed by the full faith and credit of the United States or obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Guaranteed investment contracts with a financial institution having outstanding unsecured long-term obligations rated, or an investment agreement rating of, at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Fixed and floating-rate notes and bonds (other than commercial paper) issued by corporate or municipal obligors and rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year, or at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;
- Asset-backed securities (other than asset-backed commercial paper) rated at least "AA+" by S&P or "Aa1" by Moody's or "AA+" by Fitch; and
- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments (GeFONSI) pool.

NOTES TO FINANCIAL STATEMENTS

Credit Risk

Credit risk is the risk of loss due to the failure of the security or backer. The Corporation mitigates its credit risk by limiting investments to those permitted in its Fiscal Policies and relevant governing agreements, diversifying the investment portfolio, and pre-qualifying firms with which the Corporation administers its investment activities.

The credit quality ratings of the Corporation's investments as of June 30, 2012, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). \$5,136,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore, are not included in the summary.

The credit quality ratings for the Corporation's investment in the GeFONSI pool are at the end of this footnote.

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and Corporations:			
	Aaa	AA+	\$ 3,320
	Aaa	AAA	111
			<u>3,431</u>
Asset-backed securities:			
	Aaa	AAA	-
Negotiable certificates of deposit:			
	P-1	A-1	-
	P-1	A-1+	-
			<u>-</u>
Certificates of deposit:			
	P-1	A-1	1,000
	P-1	A-1+	-
			<u>1,000</u>
Commercial paper, medium-term notes:			
	A1	A+	3,072
	A1	AA-	-
	A2	A	3,136
	A2	A+	1,039
	Aa1	AAA	-
	Aa1	A+	103
	Aa1	AA	-
	Aa1	AA-	101
	Aa2	AA-	262
	Aa2	AA	-
	Aa2	AA+	156
	Aa2	A	1,012
	Aa3	A-	100
	Aa3	AA-	-
	Aa3	A+	2,021
	Aaa	AAA	449
	Aaa	AA+	-
	Aaa	A+	101
	P-1	A-1+	384,333
	P-1	A-1	65,156
	P-2	A-1	32,496
	P-2	A-1+	16,467
			<u>510,004</u>
Money market funds:			
	--	AAAm	81,189
Unrated investments:			
Bank investment contracts			40,734
			<u>\$ 636,358</u>

NOTES TO FINANCIAL STATEMENTS

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's fiscal policies. Under certain conditions, the fiscal policies permit investments in excess of these limits. For more information, please see the Corporation's fiscal policies at: http://www.ahfc.us/financials/fiscal_policies.cfm

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%
World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

Investment Holdings Greater than Five Percent of Total Portfolio

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of June 30, 2012, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
GeFONSI Pool	\$ 590,396	47.93 %
Rabobank USA	99,831	8.10
Nordea North America	94,168	7.64
KELLS Fund	81,138	6.59
Fedrated Investment Prime	80,696	6.55
Autobahn Funding	70,231	5.70

Custodial Credit Risk

The Corporation assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. For bank investment agreements and investments, custodial credit risk is the risk that, in the event of failure of the custodian or counterparty holding the investment, the Corporation will not be able to recover the value of the investment. The Corporation has not established a formal custodial credit risk policy for its investments.

Of the Corporation's \$65,634,000 bank balance at June 30, 2012, cash deposits in the amount of \$1,203,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$39,415,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

Interest Rate Risk

Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-trust investments, the Corporation mitigates interest rate risk by structuring its investment maturities to meet cash requirements (including corporate operations), thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in the bond indentures and contractual and statutory agreements.

The GeFONSI pool investment interest rate risk details are at the end of this footnote.

NOTES TO FINANCIAL STATEMENTS

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands) with their modified duration as of June 30, 2012:

	Investment Fair Value	Modified Duration
Bank investment contracts	\$ 40,734	-
U. S. Treasury securities:		
Treasury coupon securities	3,801	2.619
Treasury discounts	1,335	0.312
Securities of U. S. Government agencies and corporations:		
Federal agency discounts	-	-
Federal agency coupon securities	3,161	1.279
Federal agency pass through securities	270	2.701
Asset-backed securities	-	-
Certificates of deposit	1,000	0.238
Negotiable certificates of deposit	-	-
Commercial paper & medium-term notes:		
Commercial paper discounts	498,452	0.245
Corporate bonds	106	2.664
Medium-term notes	11,446	0.819
Municipal bonds	-	-
Floating rate notes	-	-
Banker's Acceptances	-	-
Guaranteed investment contracts	-	-
Money market funds	81,189	-
	<u>\$ 641,494</u>	
Portfolio modified duration		0.122

NOTES TO FINANCIAL STATEMENTS

Investment in GeFonsi Pool

The Corporation invests in the State's internally managed General Fund and Other Non Segregated Investments Pool (GeFONSI). The GeFONSI consists of investments in the State's internally managed Short-term Fixed Income Pool, the Short-term Liquidity Fixed Income Pool and the Intermediate-term Fixed Income Pool. Actual investing is performed by investment officers in the State's Department of Revenue, Treasury Division. The complete financial activity of the funds is shown in the Comprehensive Annual Financial Report available from the Division of Finance in the Department of Administration.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the mid-point between the bid and asked price or at prices for securities of comparable maturity, quality and type.

The accrual basis of accounting is used for investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to pool participants daily on a pro rata basis.

At June 30, 2012, the Corporation's share of pool investments was as follows (in thousands):

Investment Type	Fair Value			Total
	Short-term Fixed Income Pool	Short-term Liquidity Fixed Income Pool	Intermediate-term Fixed Income Pool	
Commercial Paper	\$ 9,734	\$ -	\$ 153	9,887
Corporate Bonds	26,038	-	39,157	65,195
Deposit	1,143	-	-	1,143
Mortgage-backed	2,426	-	9,585	12,011
Other Asset-backed	100,800	-	1,053	101,853
U.S. Government Agency	3,427	-	12,535	15,962
U.S. Treasury Bills	151,152	40,091	20,880	212,123
U.S. Treasury Notes	-	-	172,840	172,840
U.S. Treasury Strip	-	-	154	154
Yankees:				
Corporate	5,991	-	-	5,991
Government	-	-	1,575	1,575
Total Invested Assets	300,711	40,091	257,932	598,734
Pool related net assets (liabilities)	(8,108)	6	(236)	(8,338)
Net Invested Assets	\$ 292,603	\$ 40,097	\$ 257,696	590,396

Interest Rate Risk –GeFonsi Pool

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2012, the expected average life of individual fixed rate securities ranged from one day to one year and the expected average life of floating rate securities ranged from eight days to fourteen years.

Short-term Liquidity Fixed Income Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2012, the expected average life of fixed rate securities ranged from 163 to 170 days.

NOTES TO FINANCIAL STATEMENTS

Intermediate-term Fixed Income Pool

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation.

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting effective duration of the Intermediate-term Fixed Income Pool to the following:

Intermediate-term Fixed Income Pool - \pm 20% of the Merrill Lynch 1-5 year Government Bond Index. The effective duration for the Merrill Lynch 1-5 year Government Bond Index at June 30, 2012, was 2.66 years.

At June 30, 2012, the effective duration by investment type was as follows:

	Intermediate-term Fixed Income Pool
Cash Equivalent	0.26
Corporate	1.62
Mortgage-Backed	1.28
Other Asset-Backed	2.43
U.S. Government Agency	1.24
U.S. Treasury Bill	0.30
U.S. Treasury Notes	2.78
U.S. Treasury Strip	5.26
Yankees:	
Corporate	2.63
Government	1.72
Portfolio Effective Duration (in years)	2.23

Credit Risk – GeFonsi Pool

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

Treasury's investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Commercial paper must be rated at least P-1 by Moody's and A-1 by Standard and Poor's. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

Short-term Liquidity Pool investments are limited to U.S. Treasury obligations or other U.S. Government securities issued in full faith or guaranteed by agencies and instrumentalities of the U.S. Government, obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars, and the State's internally-managed Short-term Fixed Income Pool.

Intermediate-term Fixed Income Pool investments are limited to securities with a long-term credit rating of at least Baa3 or equivalent and securities with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2012, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

Investment Type	Rating	Short-term		
		Short-term Fixed Income Pool	Liquidity Fixed Income Pool	Intermediate-term Fixed Income Pool
Commercial Paper	Not Rated	3.33 %	- %	0.06 %
Corporate Bond	A	3.60	-	3.52
Corporate Bond	AA	4.94	-	7.54
Corporate Bond	AAA	-	-	0.66
Corporate Bond	BBB	-	-	1.21
Corporate Bond	Not Rated	0.35	-	0.06
Government Agency	A	-	-	0.06
Government Agency	AA	1.17	-	4.75
Mortgage-backed	AA	-	-	1.27
Mortgage-backed	AAA	0.46	-	1.73
Mortgage-backed	CCC	-	-	0.02
Mortgage-backed	Not Rated	0.37	-	0.61
Other Asset-backed	A	0.08	-	-
Other Asset-backed	AA	1.90	-	-
Other Asset-backed	AAA	26.15	-	0.27
Other Asset-backed	Not Rated	6.30	-	0.13
Other Pool Ownershop	Not Rated	-	0.11	2.42
U.S. Treasury Bill	AA	51.67	99.87	7.91
U.S. Treasury Note	AA	-	-	65.44
U.S. Treasury Strip	AA	-	-	0.06
Yankee Corporate	A	0.62	-	0.30
Yankee Corporate	AA	1.42	-	0.66
Yankee Corporate	AAA	-	-	0.50
Yankee Corporate	BBB	-	-	0.32
Yankee Government	A	-	-	0.01
Yankee Government	AA	-	-	0.54
Yankee Government	Not Rated	-	-	0.04
	No Exposure	(2.36)	0.02	(0.09)
		100.00 %	100.00 %	100.00 %

Concentration of Credit Risk – GeFonsi Pool

Treasury's policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool's holdings in corporate bonds of any one company or affiliated group.

At June 30, 2012, the fund did not have more than five percent of its investments in any one company or affiliated group.

NOTES TO FINANCIAL STATEMENTS

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance is shown below (in thousands):

D u e	Due From							Total
	Administrative Fund	Energy Programs	Section 8 Vouchers Programs	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs		
Administrative Fund	\$ -	\$ 15,142	\$ 1,894	\$ 17,900	\$ -	\$ 755	\$ 35,691	
Energy Programs	-	-	-	-	-	-	-	
Section 8 Vouchers Programs	-	-	-	-	-	-	-	
Grant Programs	-	-	-	-	-	-	-	
Mortgage or Bond Programs	63,320	-	-	-	-	-	63,320	
Other Funds or Programs	595	-	-	-	-	-	595	
Total	\$ 63,915	\$ 15,142	\$ 1,894	\$ 17,900	\$ -	\$ 755	\$ 99,606	

The balance of \$63,320,000 due to the Mortgage or Bond programs from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

The balance of \$35,691,000 due to the Administrative Fund from the Energy Programs, the Section 8 Vouchers programs, the Grant Programs and the Other Funds or Programs resulted primarily from expenditures paid by the Administrative Fund on behalf of those programs, also an allocation of management and bookkeeping fees mandated by HUD.

The balance of \$595,000 due from the Administrative Fund to the Other Funds or Programs resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

A summary of mortgage loans, notes and other loans is shown below (in thousands):

	June 30, 2012	June 30, 2011
Mortgage loans	\$ 2,284,305	\$ 2,535,633
Multifamily loans	237,064	225,662
Other notes receivable	92,075	88,361
	<u>2,613,444</u>	<u>2,849,656</u>
Less:		
Allowance for losses	(88,440)	(90,145)
Net Mortgage loans, notes and other loans	<u>\$ 2,525,004</u>	<u>\$ 2,759,511</u>

Other notes receivable include monies due to AHFC for various unconventional loan programs and for monies that weren't expended by grant recipients.

Other supplemental loan information is summarized in the following table (in thousands):

	June 30, 2012	June 30, 2011
<u>Delinquencies and foreclosures:</u>		
Loans delinquent 30 days or more	\$ 143,378	\$ 141,825
Foreclosures during period	14,168	16,824
Loans in foreclosure process	22,785	20,925
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	74,550	73,287

NOTES TO FINANCIAL STATEMENTS

6 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

7 DIRECT FINANCING LEASES

In July 1997, the Corporation purchased an office building in downtown Anchorage with its Administrative Fund assets for approximately \$26 million. The building is part of the Corporation's State Lease Building Program and has been leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The State has the option to purchase the building at the end of the lease for \$1. In December 1999, the Corporation issued the State Building Lease Bonds, Series 1999, in the amount of \$40,000,000 to finance the purchase. The lease of the building to the State has been recorded as a direct financing lease.

In May 2005, the Corporation issued its General Housing Purpose Bonds, 2005 Series C, to defease \$16,485,000 of the State Building Lease Bonds, Series 1999. As a result, the liability of these bonds has been reduced, and the lease balance was decreased by \$1,792,000.

In fiscal year 2007 the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage at June 30, 2012 was \$43,197,000. The garage was placed in service in September 2008. The garage has been leased to the State of Alaska for use by its departments and agencies located in Anchorage. The State has the option to purchase the garage at the end of the lease for \$1. In September 2007, the Corporation issued the State Capital Project Bonds, Series 2007 A, to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

The following table lists the components of the net investment in direct financing leases and shows the future minimum payments under the lease for the next five years and thereafter (in thousands):

12 Months Ending June 30	Future Minimum Payments Due		
	Parking Garage	Building	Total
2013	\$ 3,304	\$ 3,467	\$ 6,771
2014	3,304	3,467	6,771
2015	3,304	3,467	6,771
2016	3,304	3,467	6,771
2017	3,304	3,467	6,771
Thereafter	36,336	-	36,336
Gross payments due	52,856	17,335	70,191
Less: Unearned revenue	(14,944)	(2,055)	(16,999)
Net investment in direct financing lease	\$ 37,912	\$ 15,280	\$ 53,192

NOTES TO FINANCIAL STATEMENTS

8 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 and a summary of balances are shown below (in thousands):

	June 30, 2011	Additions	Reductions	June 30, 2012
Non-Depreciable Capital Assets:				
Land	\$ 13,753	\$ 2,400	\$ -	\$ 16,153
Construction in progress	2,139	8,928	(10,589)	478
Total Non-Depreciable	<u>15,892</u>	<u>11,328</u>	<u>(10,589)</u>	<u>16,631</u>
Depreciable Capital Assets:				
Buildings	223,486	12,275	(2,400)	233,361
Computers & Equipment	1,643	351	(183)	1,811
Leasehold Improvements	88	-	(88)	-
Vehicles	2,042	173	(184)	2,031
Less: Accumulated depreciation				
Buildings	(118,025)	(7,451)	88	(125,388)
Computers & Equipment	(1,310)	(250)	179	(1,381)
Leasehold Improvements	(88)	-	88	-
Vehicles	(1,760)	(123)	184	(1,699)
Total Depreciable, Net	<u>106,076</u>	<u>4,975</u>	<u>(2,316)</u>	<u>108,735</u>
Total Capital Assets, Net	<u>\$ 121,968</u>	<u>\$ 16,303</u>	<u>\$ (12,905)</u>	<u>\$ 125,366</u>

The depreciation expense charged by the Corporation was \$7,649,000 for the year ended June 30, 2012. The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was \$6,566,000 at June 30, 2012.

NOTES TO FINANCIAL STATEMENTS

9 BONDS AND NOTES PAYABLE

With the exception of the Veterans Mortgage Program Bonds, the Corporation's obligations are not a debt of the State and the State is not directly liable thereon. The Veterans Mortgage Program Bonds and Notes are backed by the full faith and credit of the State. All of the bonds and notes are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

The Corporation has authorization to issue Draw Down bonds in the amount of \$900,000,000 for the purpose of preserving private activity bond volume capacity and to refund certain outstanding obligations of the Corporation. Only \$300,000,000 of these bonds can be outstanding at any one time. As of June 30, 2012, there are no draw down bonds outstanding.

In December 2009, the Corporation issued Mortgage Revenue Bonds Series 2009 A in the amount of \$193,100,000. The bonds are general obligations of the Corporation secured by program obligations and by amounts on deposit in the 2009 Series A Escrow Fund. These bonds were issued under the federal New Issue Bond Program. The proceeds of the bonds were held in an escrow account until being converted into long term fixed rate bonds with the proceeds being used to buy mortgages. As of June 30, 2012 all of the bonds, \$193,100,000, had been converted.

Bonds and notes outstanding are shown below (in thousands):

	Original Amount	June 30, 2012	June 30, 2011
First-Time Home Buyer Program			
<i>Mortgage Revenue Bonds, Tax-Exempt:</i>			
• 2001 Series A	\$ 32,740	\$ -	\$ 6,040
• 2001 Series B	104,450	-	33,125
Unamortized premium		-	20
• 2009 Series A-1; 3.07%, due 2027-2041	64,350	63,750	64,350
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	124,150	-
• 2010 Series A; 0.95% to 4.00%, due 2012-2027	43,130	39,750	42,005
Unamortized discount		(205)	(219)
• 2010 Series B; 0.95% to 4.625%, due 2012-2040	35,680	34,555	35,305
• 2011 Series B; 0.40% to 4.05%, due 2012-2026	71,360	71,360	-
<i>Mortgage Revenue Bonds, Taxable:</i>			
• 2009 Series A	193,100	-	128,750
• 2011 Series A; 2.80% due 2015-2026	28,945	25,780	-
Total Mortgage Revenue Bonds	702,505	359,140	309,376
<i>Home Mortgage Revenue Bonds, Tax-Exempt:</i>			
• 2002 Series A; Floating Rate*; 0.20% at June 30, 2012, due 2032, 2036	170,000	143,525	165,800
Unamortized swap termination penalty		(9,881)	(12,130)
• 2006 Series A; 4.05% to 5.00%, due 2012-2036	98,675	42,895	57,135
Unamortized premium		279	422
• 2006 Series B; 4.05% to 5.00%, due 2012-2036	75,000	15,450	39,110
Unamortized premium		189	287
• 2006 Series C; 5.50%, due 2012-2037	75,000	12,085	42,220
Unamortized premium		379	682
• 2007 Series A; Floating Rate*; 0.34% at June 30, 2012, due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding expense		(1,673)	(1,740)

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2012	June 30, 2011
• 2007 Series B; Floating Rate*; 0.38% at June 30, 2012, due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding expense		(1,673)	(1,740)
• 2007 Series C; 4.10% to 4.75%, due 2012-2032	89,370	28,100	59,660
• 2007 Series D; Floating Rate*; 0.41% at June 30, 2012, due 2017-2041	89,370	89,370	89,370
Unamortized deferred debt refunding expense		(2,051)	(2,133)
• 2008 Series A; 3.25% to 5.35%, due 2012-2033	80,880	12,555	48,890
• 2008 Series B; 3.25% to 5.45%, due 2012-2033	80,880	26,145	60,880
Unamortized discount		-	(60)
• 2009 Series A; Floating Rate*; 0.16% at June 30, 2012, due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding expense		(1,301)	(1,346)
• 2009 Series B; Floating Rate*, 0.15% at June 30, 2012, due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding expense		(1,301)	(1,346)
• 2009 Series C; 1.90% to 5.25%, due 2012-2034	80,870	42,680	74,040
Unamortized discount		(13)	(37)
• 2009 Series D; Floating Rate*; 0.22% at June 30, 2012, due 2020-2040	80,870	80,870	80,870
Unamortized deferred debt refunding expense		(1,252)	(1,296)
Total Home Mortgage Revenue Bonds	<u>1,232,675</u>	<u>787,137</u>	<u>1,009,298</u>
Veterans Mortgage Program Bonds and Notes:			
<i>Collateralized State Guaranteed Bonds and Notes, Tax-Exempt:</i>			
• 2002 First Series	50,000	-	8,490
• 2005 First Series; 4.80%, due 2012-2035	15,000	3,220	6,290
• 2006 First Series, 4.00% to 4.90%, due 2012-2037	190,000	138,055	176,760
• 2007 & 2008 First Series, 3.50% to 5.25%, due 2013-2038	57,885	38,815	53,290
Total Veterans Mortgage Program Bonds	<u>312,885</u>	<u>180,090</u>	<u>244,830</u>
Other Housing Bonds:			
<i>Housing Development Bonds, Tax-Exempt:</i>			
• 2002 Series A; 4.25% to 5.20%, due 2012-2022	8,440	2,335	2,510
• 2002 Series B; 4.15% to 5.15%, due 2012-2022	8,690	5,490	5,880
• 2002 Series C; 4.15% to 5.25%, due 2012-2032	70,000	57,250	58,815
• 2004 Series A; 3.80% to 4.80%, due 2012-2026	33,060	20,210	27,795
• 2004 Series B; 3.55% to 4.75%, due 2012-2032	52,025	39,480	41,045
<i>Housing Development Bonds, Taxable:</i>			
• 2004 Series D; 4.56% to 5.60%, due 2012-2043	105,000	101,060	102,080
Sub-Total Housing Development Bonds	<u>277,215</u>	<u>225,825</u>	<u>238,125</u>

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2012	June 30, 2011
General Mortgage Revenue Bonds, Tax-Exempt:			
● 2002 Series A; 3.75% to 5.0%, due 2012-2040	150,000	110,265	146,415
Unamortized deferred debt refunding expense		(978)	(1,021)
Unamortized premium		231	462
Government Purpose Bonds, Tax-Exempt:			
● 1997 Series A, Floating Rate*, monthly payments, 0.17% at June 30, 2012, due 2027	33,000	14,600	14,600
● 2001 Series A, Floating Rate*, 0.16% at June 30, 2012, due 2012-2030	76,580	57,865	59,945
Unamortized swap termination penalty		(7,314)	(7,711)
● 2001 Series B, Floating Rate*, 0.16% at June 30, 2012, due 2012-2030	93,590	70,715	73,255
Total Other Housing Bonds	<u>630,385</u>	<u>471,209</u>	<u>524,070</u>
Non-Housing Bonds:			
State Capital Project Bonds, Tax-Exempt:			
● 2002 Series A	32,905	-	4,380
● 2002 Series C; Floating Rate*, 0.15% at June 30, 2012, due 2012-2022	60,250	60,250	60,250
● 2006 Series A; 3.50% to 5.00%, due 2013-2040	100,890	92,185	93,880
Unamortized discount		(1,258)	(1,334)
Unamortized premium		1,152	1,275
● 2007 Series A & B; 4.00% to 5.25%, due 2012-2029	95,525	84,940	88,210
Unamortized discount		(54)	(60)
Unamortized premium		2,077	2,405
Unamortized deferred debt refunding expense		(2,485)	(2,628)
● 2011 Series A; 3.00% to 5.00%, due 2012-2027	105,185	98,865	105,185
Unamortized discount		(109)	(119)
Unamortized premium		2,812	3,871
General Housing Purpose Bonds, Tax-Exempt:			
● 2005 Series A; 3.45% to 5.25%, due 2012-2041	143,235	136,300	137,450
Unamortized premium		2,988	3,142
● 2005 Series B; 3.60% to 5.25%, due 2012-2030	147,610	122,905	126,830
Unamortized deferred debt refunding expense		(8,657)	(9,340)
Unamortized premium		3,097	3,532
● 2005 Series C; 4.00% to 5.00%, due 2012-2017	16,885	15,280	16,610
Total Non-Housing Bonds	<u>702,485</u>	<u>610,288</u>	<u>633,539</u>
Total Bonds and Notes Payable	<u>\$ 3,580,935</u>	<u>\$ 2,407,864</u>	<u>\$ 2,721,113</u>

Note: Debt service payments on the above mentioned bonds and notes are semi-annual unless otherwise mentioned.

*Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

NOTES TO FINANCIAL STATEMENTS

Redemption Provisions

The bonds and notes are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt, pursuant to the provisions of the related agreements which permit surplus revenues, resulting primarily from mortgage loan prepayments, to be used to retire the obligations at par. The Corporation also issues new debt whose proceeds are used to immediately redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt is included in a deferred debt refunding account and amortized as interest expense. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once they reach 15% of issuance.

During the year ended June 30, 2012, the Corporation made \$363,290,000 special revenue redemptions and no current refundings. The Corporation made \$253,120,000 special revenue redemptions and no current refundings during fiscal year 2011.

During the year ended June 30, 2012, the Corporation converted \$128,750,000 under the federal New Issue Bond Program (NIBP). The Corporation converted \$64,350,000 under the NIBP during fiscal year 2011.

Debt Service Requirements**

For all mortgage bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2017 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months Ending June 30	Total Debt Service		
	Principal	Interest*	Total
2013	\$ 62,220	\$ 99,825	\$ 162,045
2014	60,705	97,571	158,276
2015	56,675	95,401	152,076
2016	35,140	49,783	84,923
2017	86,965	134,307	221,272
2018-2022	383,935	411,134	795,069
2023-2027	452,295	320,905	773,200
2028-2032	549,300	212,722	762,022
2033-2037	478,865	112,674	591,539
2038-2042	263,250	25,636	288,886
2043	5,515	207	5,722
	<u>\$ 2,434,865</u>	<u>\$ 1,560,165</u>	<u>\$ 3,995,030</u>

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2012

** Also see Note 10 – Derivatives.

Conduit Debt

From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable solely from rents and payments received on the underlying mortgage loans. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements. A summary of the conduit bonds outstanding is shown below (in thousands):

	June 30, 2012	June 30, 2011
Revenue Bonds, 2010		
Birchwood Apartments Project	\$ -	\$ 1,009

NOTES TO FINANCIAL STATEMENTS

10 DERIVATIVES

The Corporation entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The Corporation's derivatives consist of interest rate swap agreements entered into in connection with its long-term variable rate bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether the derivative was hedgeable or not. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Assets, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risk, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap asset or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2012, the Corporation has not posted any collateral and is not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2012, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating ⁷
GP01A ¹	12/01/08	2.4530	67% of 1M LIBOR ⁴	12/01/30	A+/Aa3
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	AAA/Aa3
E021A1 ²	10/09/08	2.9800	70% of 3M LIBOR ⁵	06/01/32	AAA/Aa1
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	AAA/Aa3
SC02C ³	12/05/02	4.3030	SIFMA ⁶ +0.115%	07/01/22	A+/Aa1
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AAA/Aa1
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	A+/Aa1
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	A/A1
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AAA/Aa1
E091ABD	05/28/09	3.7400	70% of 3M LIBOR	12/01/40	A+/Aa1

1. Governmental Purpose Bonds
2. Home Mortgage Revenue Bonds
3. State Capital Project Bonds
4. London Interbank Offered Rate 1 month
5. London Interbank Offered Rate 3 month
6. Securities Industry and Financial Markets Municipal Swap Index
7. Standard & Poor's/Moody's

NOTES TO FINANCIAL STATEMENTS

The change in fair value and ending balance of the hedging derivatives as of June 30, 2012, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Assets.

Related Bond Issue	Notional Amounts	Fair Values		Change in Fair Value	
		Present Values	June 30, 2012		June 30, 2011
GP01A	\$ 57,865	\$ 64,284	\$ (6,419)	\$ (1,025)	\$ (5,394)
GP01B	70,715	90,021	(19,306)	(12,628)	(6,678)
E021A1	44,540	51,937	(7,397)	(2,469)	(4,928)
E021A2	98,985	107,749	(8,764)	(4,797)	(3,967)
SC02C	60,250	69,939	(9,689)	(7,171)	(2,518)
E071AB	143,622	192,144	(48,522)	(21,818)	(26,704)
E071BD	95,748	127,714	(31,966)	(13,955)	(18,011)
E091A	72,789	98,022	(25,233)	(11,238)	(13,995)
E091B	72,789	98,056	(25,267)	(11,375)	(13,892)
E091ABD	97,052	130,246	(33,194)	(14,460)	(18,734)
Total	<u>\$ 814,355</u>	<u>\$ 1,030,112</u>	<u>\$ (215,757)</u>	<u>\$ (100,936)</u>	<u>\$ (114,821)</u>

As of June 30, 2012, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2013	\$ 12,470	\$ 1,927	\$ 27,347	\$ 41,744
2014	13,020	1,906	26,911	41,837
2015	13,570	1,884	26,455	41,909
2016	14,160	1,861	25,980	42,001
2017	17,200	1,837	25,485	44,522
2018-2022	129,935	8,479	116,141	254,555
2023-2027	150,840	6,895	91,626	249,361
2028-2032	169,685	5,031	64,954	239,670
2033-2037	166,540	2,994	37,423	206,957
2038-2042	126,935	874	10,123	137,932
	<u>\$ 814,355</u>	<u>\$ 33,688</u>	<u>\$ 452,445</u>	<u>\$ 1,300,488</u>

Risks

a. Credit Risk

As of June 30, 2012, the Corporation is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The Corporation currently has swap agreements with five separate counterparties. Approximately 32% of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 31% of the total notional amount of the swaps is held with one counterparty rated A+/Aa1. Of the remaining swaps, one counterparty is rated AAA/Aa3, another counterparty is rated A/A1, and the remaining counterparty is rated A+/Aa3, approximating 21%, 9%, and 7% respectively, of the total notional amount of the swaps.

b. Interest Rate Risk

The Corporation is exposed to interest rate risk on all of its interest rate swaps. As LIBOR or the SIFMA index decreases, the Corporation's net payment on the swaps increases.

NOTES TO FINANCIAL STATEMENTS

c. Basis Risk

All of the Corporation's variable-rate bond interest payments are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2012, SIFMA was 0.18% and 1-month LIBOR was 0.24525%, resulting in a SIFMA/LIBOR ratio of 73.4%. The 3-month LIBOR was 0.4606%, resulting in a SIFMA/LIBOR ratio of 39.1%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

d. Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in the Corporation making termination payments totaling \$22,181,000 to the counterparties. The Corporation replaced the swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps.

e. Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The E021A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the GP01A and GP01B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the unswapped portion of the debt.

Investment Derivatives

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap was no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of the Corporation's investment derivatives as of June 30, 2012, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.77%	70% of 1M LIBOR	07/01/24	A+/Aa1

The change in fair value of the investment derivatives as of June 30, 2012, is shown below (in thousands) and is presented as a net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 31, 2012	Fair Values June 30, 2011	Change in Fair Value
SC02B	\$ 14,555	\$ 18,278	\$ (3,723)	\$ (1,958)	\$ (1,765)

Credit Risk

As of June 30, 2012, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated A+/Aa1.

NOTES TO FINANCIAL STATEMENTS

11 LONG TERM LIABILITIES

The activity for the year ended June 30, 2012 is summarized in the following schedule (in thousands):

	June 30, 2011	Additions	Reductions	June 30, 2012	Due Within One Year
Total bonds and notes payable	\$ 2,721,113	\$ 229,054	\$ (542,303)	\$ 2,407,864	\$ 62,220
Compensated absences	4,813	2,851	(2,414)	5,250	2,001
Other liabilities	1,139	215	(800)	554	105
Total long-term liabilities	<u>\$ 2,727,065</u>	<u>\$ 232,120</u>	<u>\$ (545,517)</u>	<u>\$ 2,413,668</u>	<u>\$ 64,326</u>

12 SHORT TERM DEBT

The Corporation has a commercial paper program. Commercial paper is issued and redeemed to meet the cash flow requirements of the Corporation's activities. Individual maturities may range from 2 to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Board of Directors is \$150,000,000.

Yields issued during period	June 30, 2012	June 30, 2011
Lowest	0.12%	0.21%
Highest	0.35%	0.59%

Short term debt activity for the year ended June 30, 2012 is summarized in the following schedule (in thousands):

	June 30, 2011	Additions	Reductions	June 30, 2012
Commercial paper	\$ 87,000	\$ 346,051	\$ (364,351)	\$ 68,700
Unamortized discount	(24)	(133)	142	(15)
Commercial paper, net	<u>\$ 86,976</u>	<u>\$ 345,918</u>	<u>\$ (364,209)</u>	<u>\$ 68,685</u>

13 TRANSFERS

Transfers for the year ended June 30, 2012 are summarized in the following schedule (in thousands):

	From						Total
	Administrative Fund	Energy Programs	Section 8 Vouchers Programs	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	
Administrative Fund	\$ -	\$ 2,241	\$ -	\$ 446	\$ 120,482	\$ 152	\$ 123,321
Energy Programs	2,224	-	-	-	-	-	2,224
Section 8 Vouchers Programs	-	-	-	-	-	22	22
Grant Programs	41,551	-	-	-	-	-	41,551
Mortgage or Bond Programs	146,738	-	-	-	-	-	146,738
Other Funds or Programs	6,163	5,228	83	-	-	-	11,474
Total	<u>\$ 196,676</u>	<u>\$ 7,469</u>	<u>\$ 83</u>	<u>\$ 446</u>	<u>\$ 120,482</u>	<u>\$ 174</u>	<u>\$ 325,330</u>

Transfers are used to:

- (1) move cash between the Administrative Fund and the Mortgage or Bond Programs to subsidize debt service payments or satisfy bond indenture requirements,
- (2) move mortgages between the Administrative Fund and the Mortgage or Bond Programs,
- (3) record expenditures paid on behalf of the Energy Programs, the Grant Programs, the Mortgage or Bond Programs, and the Other Funds or Programs by the Administrative Fund,
- (4) record energy capital asset improvements made on behalf of the Administrative Fund and the Other Funds or Programs by the Energy Programs,
- (5) record expenditures paid between the Section 8 Vouchers Programs and the Other Funds or Programs.

NOTES TO FINANCIAL STATEMENTS

14 OTHER CREDIT ARRANGEMENTS

For certain bond issues, the Corporation has entered into credit arrangements with various financial institutions to provide funds necessary to satisfy debt service or unpaid bond principal obligations. Such arrangements may contain covenants restricting the amendment of terms and redemption of bonds or notes, and setting the minimum combined fund equity of the Corporation and minimum debt service reserve fund balances. Varying commitment fees are required, generally $\frac{1}{4}$ to $\frac{1}{2}$ of 1% per annum of the aggregate liability or commitment amount.

The Corporation had unused liquidity facilities or similar credit enhancement agreements as shown below (in thousands):

	June 30, 2012	June 30, 2011
Bond related liquidity facilities	\$ 463,765	\$ 486,040
Bond insurance	747,865	1,009,750
	\$ 1,211,630	\$ 1,495,790

15 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds. Most of the non-mortgage investments made under the Corporation's tax-exempt bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. Following is a summary of excess earnings recorded and paid (in thousands):

	June 30, 2012	June 30, 2011
Arbitrage expense	\$ (46)	\$ 542
Arbitrage paid	539	85
Arbitrage rebate reimbursement	-	31

16 STATE AUTHORIZATIONS AND COMMITMENTS

The Corporation uses its assets to fund certain housing and non-housing capital projects identified by the State. The aggregate amount expected to be funded by the Corporation was expressed by the following language of legislative intent included in the fiscal year 1996 capital appropriation bill, enacted in 1995:

"The Legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve its valuable assets of the State. To accomplish its goal, the sum of withdrawals for transfer to the general fund and for expenditure on corporate funded capital projects should not exceed the Corporation's net income for the preceding fiscal year."

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income". The total state authorizations from FY1995–FY2012 were \$1,571,498,000; payments up thru June 30, 2012 were \$1,475,440,000 resulting in total remaining commitments of \$96,058,000 as of June 30, 2012.

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to \$224,000,000 in bonds. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan. That legislation also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed \$103,000,000 in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

NOTES TO FINANCIAL STATEMENTS

The 2000 Legislature adopted legislation authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008. The 2002 Legislature authorized the issuance of capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities. The 2004 Legislature adopted legislation authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued \$196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, \$74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, and \$60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and \$45,000,000 principal amount of bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The payment of principal and interest on these bonds will be included in future capital budgets of the Corporation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

The Twenty-Third Legislature in 2003 enacted SCS HB 256 (the "2003" Act) which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor and modified by the Twenty-Fourth Legislature in 2006 with SB 236, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of adjusted change in net assets for the fiscal year two years prior to the current fiscal year or \$103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations of the Corporation's operating budget.

Contributions to the State of Alaska or other State agencies

Since the inception of the Corporation, the State has contributed a total of \$1,369,523,000 to the Corporation. Beginning in fiscal year 1986, the Corporation began a series of plans to transfer funds to or on behalf of the State. Following is a summary of the different types of transfers (in thousands):

	June 30, 2012	Cumulative Prior Fiscal Year	Total Payments to State
State debt repayment	\$ -	\$ 29,800	\$ 29,800
Asset purchases	-	252,300	252,300
Dividends	-	114,300	114,300
Direct cash transfers	-	631,653	631,653
Other State appropriations	-	302,654	302,654
Non-Housing capital projects	8,398	318,893	327,291
Various bond proceeds disbursed	809	312,415	313,224
Total	\$ 9,207	\$ 1,962,015	\$ 1,971,222

NOTES TO FINANCIAL STATEMENTS

17 GRANTS

The Corporation paid grants to third parties for the following programs (in thousands):

Program	June 30, 2012
<i>Administrative Programs:</i>	
▪ Loussac Place	\$ 3,268
<i>Energy Programs:</i>	
▪ ARRA State Energy Program	18,792
▪ ARRA Weatherization Assistance Program	2,387
▪ Energy Efficient Appliance Rebate	370
▪ Energy Efficiency Monitoring Research	1,138
▪ Energy Efficiency Conservation Block Grant	3,260
▪ Energy Efficient Home Program	18,442
▪ Low-Income Home Energy Assistance	110
▪ Low Income Weatherization Assistance	55,886
Total Energy Programs	<u>100,385</u>
<i>Low Rent Public Housing Program</i>	<u>141</u>
<i>Section 8 Vouchers Program</i>	<u>30,479</u>
<i>Grant Programs:</i>	
▪ AMHTA Short Term Housing Assistance	-
▪ ARRA Low Income Tax Credit	310
▪ ARRA TCAP Home	50
▪ Beneficiaries and Special Needs Housing	1,725
▪ Denali Commission	-
▪ Drug Elimination	73
▪ Emergency Shelter Grant	163
▪ Homeless Prevention and Rapid Re-Housing	26
▪ HOME Investment Partnership	4,460
▪ Homeless Assistance Program	8,848
▪ Homeless Information Management System	23
▪ Housing Loan Program	7,931
▪ Housing Opportunities for Persons with AIDS	688
▪ Low Income Tax Credit	-
▪ Neighborhood Stabilization	3,632
▪ Resident Opportunity and Support Service	80
▪ ROSS Neighborhood Network	-
▪ Section 8 Contract Administration	-
▪ Senior Citizen Housing Development Grant	7,036
▪ Shelter Plus Care	859
▪ Special Needs Housing	-
▪ Supplemental Housing Grant	7,795
▪ Supportive Housing Grant Match	1,098
▪ Technical Assistance Grant	124
Total Grant Programs	<u>44,921</u>
Total Housing Grant Expenses	<u>179,194</u>
▪ Legislative Appropriations-Non-Housing Capital Projects	<u>8,398</u>
Total Non-Housing Capital Project Grants	<u>8,398</u>
Total Grants	<u>\$ 187,592</u>

In addition to grant payments made, the Corporation has advanced grant funds of \$10,912,000 and committed to third parties a sum of \$148,719,000 in grant awards at June 30, 2012.

NOTES TO FINANCIAL STATEMENTS

18 OTHER PROGRAMS

Other programs include public-housing activities, energy conservation, and other activities not reported elsewhere. These programs are funded from a combination of corporate receipts and external sources.

Housing Assistance Programs

Low Rent includes the following programs for various low-income housing facilities administered by the Corporation under contract with HUD:

- Low Rent Management
- Modernization/Capital Fund Programs

Section 8 Vouchers Program includes the following programs for tenant-based rental assistance administered by the Corporation under contract with HUD:

- Section 8 Moderate Rehabilitation
- Section 8 Vouchers

Affordable Housing Programs consist of Corporate owned low-income housing facilities at various locations.

- Project Based Section 8

Other Housing Assistance Programs include the following HUD, federal, state, and Corporate funded activities:

- Beneficiaries & Special Needs Housing
- Denali Commission Housing Programs
- Drug Elimination Program
- Family Investment Center Grant
- Family Self Sufficiency Program (FSS)
- HOME Investment Partnerships Program (HOME)
- Homeless Assistance Program Grants
- Housing Opportunities for Persons with AIDS (HOPWA)
- Housing Preservation Grants
- Low Income Tax Credit Program
- Neighborhood Stabilization Program
- Resident Opportunity and Supportive Services
- ROSS Neighborhood Networks
- Senior Citizen Housing Development Grant Program
- Shelter Plus Care Program
- Supplemental Housing Grant Program
- Supportive Housing Grant Match
- Teacher Health Professional and Public Safety Housing Programs
- Technical Assistance Grants

Energy Conservation Programs

- Energy Efficiency Monitoring Research
- Energy Efficient Home Program (Rebates)
- Low-Income Home Energy Assistance Program (LIHEAP)
- Low-Income Weatherization Program
- Research Information Center
- Residential Energy Rehab Program (Enhanced Weatherization)
- State Energy Program Special Projects
- State Energy Program

NOTES TO FINANCIAL STATEMENTS

AHFC's ARRA (American Recovery & Reinvestment Act of 2009) Capital Projects

Energy programs:

- Energy Efficiency and Conservation Block Grants
- Energy Efficient Appliance Rebate
- Energy Assurance / Smart Grid Resiliency (EA/SGR) (vetoed)
- State Energy Program
- Weatherization Program

Low rent programs:

- Capital Fund Program (CFP) - Competitive (not awarded)
- Capital Fund Program (CFP) - Formula

Grant programs:

- Emergency Shelter Grants (ESG) – Homeless Prevention and Rapid Re-Housing Program
- HOME Investment Partnerships – Tax Credit Assistance Program (TCAP)
- Low-Income Housing Grants in Lieu of Tax Credits
- Project Based Rental Assistance (AHFC is not considered the Prime Recipient for this program; HUD is responsible for the Federal Report Requirements of the program.)

Housing Units Owned, Managed or Administered

As of June 30, 2012, the Public Housing Division of the Corporation operates the following programs in 18 Alaskan communities:

<u>Program</u>	<u>Number of Units</u>
Low Rent Conventional Housing	986
Low Rent Conventional Housing – Senior Units	343
Affordable Housing	65
Affordable Housing – Senior Units	268
Other Housing Units	33
Section 8 Vouchers – Housing Assistance:	
Housing Choice Vouchers	4,521
Single Room Occupancy	70
	<u>6,286</u>

19 ENERGY AND WEATHERIZATION ENERGY EFFICIENCY PROGRAMS

The 2008 Legislature authorized funding for the Corporation to expand the existing Weatherization program by \$200,000,000 and create the new Energy Rebate Program with \$160,000,000 to help Alaskans make their homes more energy efficient. The 2011 Legislature authorized additional funding for the Weatherization program of \$62,500,000 and for the Energy Rebate Program of \$37,500,000.

The Weatherization program helps homeowners with low-to-moderate incomes, living in owner-occupied homes or rental units, qualify for free weatherization upgrades performed through various providers or regional housing authorities. The Weatherization program is funded by federal, State and Corporate monies.

The Home Energy Rebate Program has no income limits and provides homeowners with reimbursements for specific energy-efficiency improvements. The more the home's energy efficiency improves, the greater the potential rebate. As of June 30, 2012 the Corporation had outstanding commitments of \$39,728,000 and had paid out \$131,148,000 in the rebate program to homeowners since the inception of the program. This commitment amount represents the maximum amount each homeowner could be reimbursed, not necessarily the actual amount of each homeowner's reimbursement.

20 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Plan Description

As of June 30, 2012, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008 when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan. PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

NOTES TO FINANCIAL STATEMENTS

PERS is administered by the State of Alaska. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees. A publicly available financial report that includes financial statements and required supplementary information is issued annually by PERS. That report may be obtained by writing to State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0202.

Defined Benefit Plans (Employees hired prior to July 1, 2006):

Employees hired prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and also provides death and disability benefits.

Employees hired between July 1, 1986 and June 30, 1996 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. Also the plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired between July 1, 1996 and June 30, 2006 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

Defined Contribution Plan (Employees hired on or after July 1, 2006):

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employees contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service. Disability benefits are also provided.

Funding Policy

Defined Benefit Plans:

Under State law, covered employees are required to contribute 6¼% of their annual covered salary to the pension plan and are not required to contribute to the Post Employment Healthcare Plan.

Under State law the Corporation is required to contribute 22% of annual covered salary. For the fiscal year 2012, 9.92% of covered salary is for the pension plan and 12.08% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 33.49% for the fiscal year 2012 and the employer rate of 22% will be funded by the State.

The State contribution to the pension plan for the Corporation for the year ended June 30, 2012 was \$1,327,000.

The Corporation's contributions to the pension plan for the year ended June 30, 2012 was \$1,813,000 and for the years ended June 30, 2011 and June 30, 2010 was \$1,403,000 and \$1,452,000 respectively.

The State contribution to the post employment healthcare plan for the Corporation for the year ended June 30, 2012 was \$1,133,000.

The Corporation's contributions to the post employment healthcare plan for the year ended June 30, 2012 was \$2,208,000 and for the years ended June 30, 2011 and June 30, 2010 was \$2,636,000 and \$2,559,000 respectively.

NOTES TO FINANCIAL STATEMENTS

Defined Contribution Plans

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2012, the Corporation is required to contribute 5.2% of the annual covered salary to the pension plan.

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For the fiscal year 2012, the Corporation is required to contribute 0.51% of the annual covered salary plus an annual flat dollar amount of \$1,778.09 for each covered employee.

If the total amount that the Corporation has contributed for the defined contribution pension and post employment healthcare plans is less than 22% of covered payroll, the Corporation must pay that additional amount. This additional amount is used to reduce the Plan's unfunded liability. For the year ended June 30, 2012, the Corporation paid additional contributions of \$447,000.

The contributions to the pension plan for the year ended June 30, 2012 by the employees was \$277,000 and by the Corporation was \$179,000.

The Corporation contributed \$136,000 to a health reimbursement arrangement for the year ended June 30, 2012.

21 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to \$175,000 per employee per year. The Corporation has provided for an estimate of the Incurred But Not Reported (IBNR) liability in the amount of \$2,639,000 and \$1,746,000 as of June 30, 2012 and June 30, 2011, respectively.

Litigation

The Corporation, in the normal course of its activities, is involved in various claims and pending litigation, the outcome of which is not presently determinable. In the opinion of management, the disposition of these matters is not presently expected to have a material adverse effect on the Corporation's financial statements.

Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the Administrative Fund. In management's opinion, disallowance, if any, will be immaterial.

Subsequent Events

In July 2012, the Corporation issued \$145,890,000 General Mortgage Revenue Bonds II, 2012 Series A and \$50,000,000 General Mortgage Revenue Bonds II, 2012 Series B. The bonds are general obligations of the Corporation. The 2012 Series A bonds are tax exempt and bear interest at fixed rates between 0.35% and 4.25% payable each June 1 and December 1 with a final maturity of December 1, 2040. The 2012 Series B bonds are federally taxable and bear interest at a variable rate payable each June 1 and December 1 with a final maturity of December 1, 2042.

22 RISK MANAGEMENT

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party the Corporation is doing business with. This ensures that the party can adequately sustain any loss exposure, so the Corporation is not first-in-line in case of a loss. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage during the past three years.

NOTES TO FINANCIAL STATEMENTS

23 FIVE YEAR FINANCIAL INFORMATION

Entity-wide amounts at year-end are presented below for informational purposes (in thousands):

	June 30,				
	2012	2011	2010	2009	2008
<u>Assets and Deferred Outflows</u>					
Cash	\$ 64,631	\$ 73,411	\$ 59,218	\$ 24,720	\$ 19,034
Investments	1,231,890	1,362,107	1,389,605	1,247,669	1,231,404
Accrued interest receivable	12,423	13,305	14,647	15,854	16,734
Mortgage loans, notes and other loans	2,525,004	2,759,511	2,971,253	3,195,444	3,450,063
Net investment in direct financing lease	53,192	57,476	61,222	64,802	65,203
Unamortized bond issuance costs	14,110	16,880	19,751	23,252	25,142
Capital assets, net	125,366	121,968	112,759	113,004	116,535
Other assets	46,275	36,446	40,463	46,680	22,004
Derivative instrument - interest rate swaps	-	-	-	-	-
Deferred outflow of resources	215,757	100,936	127,899	-	-
Total Assets and Deferred Outflows	4,288,648	4,542,040	4,796,817	4,731,425	4,946,119
<u>Liabilities and Deferred Inflows</u>					
Bonds and notes payable	2,407,864	2,721,113	2,832,647	2,869,153	3,136,866
Short term debt	68,685	86,976	149,890	149,724	112,159
Accrued interest payable	11,323	12,688	12,770	13,715	15,303
Other liabilities	27,153	24,549	47,252	26,722	15,620
Derivative instrument - interest rate swaps	219,480	102,895	130,267	-	-
Deferred inflow of resources	-	-	-	-	-
Total Liabilities and Deferred Inflows	2,734,505	2,948,221	3,172,826	3,059,314	3,279,948
Total Fund Equity	\$ 1,554,143	\$ 1,593,819	\$ 1,623,991	\$ 1,672,111 *	\$ 1,666,171
<u>Operating Revenues</u>					
Mortgage and loans revenue	\$ 147,078	\$ 164,242	\$ 177,855	\$ 205,138	\$ 202,851
Investment interest	6,793	8,454	11,605	25,148	56,667
Net change in fair value of investments	7,667	7,766	6,317	570	255
Net change of hedge termination	(1,765)	410	(794)	-	-
Total Investment Revenue	12,695	16,630	17,128	25,718	56,922
Externally funded programs	179,704	194,411	191,968	112,587	73,603
Rental	8,554	7,996	8,697	8,577	7,695
Other	3,147	2,416	1,610	3,337	776
Total Operating Revenues	351,178	385,695	397,258	355,357	341,847
<u>Operating Expenses</u>					
Interest	111,558	122,138	130,789	149,021	147,336
Mortgage and loan costs	11,131	11,587	12,709	14,139	14,155
Operations and administration	57,126	54,100	49,678	51,421	42,812
Financing expenses	7,807	8,692	7,456	9,159	6,415
Provision for loan loss	(1,542)	(6,673)	515	(7,703)	7,098
Housing grants and subsidies	179,194	196,168	194,883	106,480	78,290
Rental housing operating expenses	16,373	12,594	11,002	11,480	10,428
Total Operating Expenses	381,647	398,606	407,032	333,997	306,534
Operating Income (Loss)	(30,469)	(12,911)	(9,774)	21,360	35,313
<u>Non-Operating & Special Item</u>					
Contribution to State or State agency	(9,207)	(20,349)	(36,772)	(15,420)	(53,614)
Special item	-	3,088	-	-	-
Change in Net Assets	\$ (39,676)	\$ (30,172)	\$ (46,546)	\$ 5,940	\$ (18,301)

*Does not reflect the FY10 cumulative effect of accounting change.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

COMBINED - ALL FUNDS

As of June 30, 2012

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	36,009	-	-	-
Investments	760,646	47,641	120,417	28,508
Accrued interest receivable	1,266	1,158	3,773	1,038
Inter-fund due to/from	(28,224)	4,878	21,875	10,049
Mortgage loans, notes and other loans	94,605	348,119	862,933	225,220
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	1,811	3,173	885
Capital assets, non-depreciable	2,539	-	-	-
Capital assets - depreciable, net	13,333	-	-	-
Other assets	11,571	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	407	-	-	-
Deferred outflow of resources	-	-	180,343	-
Total Assets and Deferred Outflows	892,152	403,607	1,192,514	265,700
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	359,140	787,137	180,090
Short term debt	68,685	-	-	-
Accrued interest payable	1,511	839	2,729	712
Other liabilities	10,511	99	298	79
Derivative instrument - interest rate swaps	-	-	180,343	-
Intergovernmental payable	47	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	80,754	360,078	970,507	180,881
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	15,872	-	-	-
Restricted by bond resolutions	-	43,529	243,674	84,819
Restricted by contractual or statutory agreements	107,545	-	-	-
Unrestricted net assets, (deficit)	687,981	-	(21,667)	-
Total Net Assets (deficit)	811,398	43,529	222,007	84,819

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
-	217	28,405	64,631
187,177	87,501	-	1,231,890
2,654	2,534	-	12,423
12,210	14,308	(35,096)	-
522,105	472,022	-	2,525,004
-	53,192	-	53,192
4,206	4,035	-	14,110
-	-	14,092	16,631
-	-	95,402	108,735
-	28	20,467	32,066
-	-	-	-
-	-	13,802	14,209
25,725	9,689	-	215,757
754,077	643,526	137,072	4,288,648
471,209	610,288	-	2,407,864
-	-	-	68,685
1,770	3,762	-	11,323
338	510	14,812	26,647
25,725	13,412	-	219,480
-	217	242	506
-	-	-	-
499,042	628,189	15,054	2,734,505
-	-	109,494	125,366
227,562	-	-	599,584
27,473	-	35,191	170,209
-	15,337	(22,667)	658,984
255,035	15,337	122,018	1,554,143

ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

REVOLVING FUNDS

As of June 30, 2012

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Cash	35,636	373	36,009
Investments	749,532	11,114	760,646
Accrued interest receivable	1,266	-	1,266
Inter-fund due to/from	(28,224)	-	(28,224)
Mortgage loans, notes and other loans	94,605	-	94,605
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	2,539	-	2,539
Capital assets - depreciable, net	13,333	-	13,333
Other assets	11,571	-	11,571
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	407	-	407
Deferred outflow of resources	-	-	-
Total Assets and Deferred Outflows	880,665	11,487	892,152
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Bonds and notes payable	-	-	-
Short term debt	68,685	-	68,685
Accrued interest payable	1,511	-	1,511
Other liabilities	10,511	-	10,511
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	47	-	47
Deferred inflow of resources	-	-	-
Total Liabilities & Deferred Inflows	80,754	-	80,754
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	15,872	-	15,872
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	96,058	11,487	107,545
Unrestricted net assets, (deficit)	687,981	-	687,981
Total Net Assets (deficit)	799,911	11,487	811,398

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of June 30, 2012

(in thousands of dollars)

	Bonds 2001 A,B	Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	-	-	7,063	40,578
Accrued interest receivable	-	-	434	724
Inter-fund due to/from	-	-	1,277	3,601
Mortgage loans, notes and other loans	-	-	138,433	209,686
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	809	1,002
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	-	-	148,016	255,591
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	137,850	221,290
Short term debt	-	-	-	-
Accrued interest payable	-	-	378	461
Other liabilities	-	-	37	62
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	-	138,265	221,813
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	9,751	33,778
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	-	9,751	33,778

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2012

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	42,096	3,720	1,878	2,548
Accrued interest receivable	675	231	139	169
Inter-fund due to/from	3,475	1,505	280	475
Mortgage loans, notes and other loans	129,929	42,633	30,786	29,622
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	644	336	124	94
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	16,161	-	-	-
Total Assets and Deferred Outflows	192,980	48,425	33,207	32,908
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	133,644	43,174	15,639	12,464
Short term debt	-	-	-	-
Accrued interest payable	421	171	60	56
Other liabilities	57	16	9	11
Derivative instrument - interest rate swaps	16,161	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	150,283	43,361	15,708	12,531
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	42,697	5,064	17,499	20,377
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	42,697	5,064	17,499	20,377

Schedule 4
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
-	-	-	-	-	-	-
8,354	7,712	3,968	9,177	3,678	5,114	11,242
234	232	230	283	190	226	249
2,376	1,263	829	1,685	1,052	1,295	2,192
57,634	56,695	46,332	67,064	34,541	45,886	83,606
-	-	-	-	-	-	-
191	119	215	162	82	208	219
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,338	25,313	-	29,837	-	-	28,001
94,127	91,334	51,574	108,208	39,543	52,729	125,509
73,327	73,327	28,100	87,319	12,555	26,145	79,579
-	-	-	-	-	-	-
255	258	108	301	48	104	239
20	18	16	23	13	15	26
25,338	25,313	-	29,837	-	-	28,001
-	-	-	-	-	-	-
-	-	-	-	-	-	-
98,940	98,916	28,224	117,480	12,616	26,264	107,845
-	-	-	-	-	-	-
-	-	23,350	-	26,927	26,465	17,664
-	-	-	-	-	-	-
(4,813)	(7,582)	-	(9,272)	-	-	-
(4,813)	(7,582)	23,350	(9,272)	26,927	26,465	17,664

ALASKA HOUSING FINANCE CORPORATION

Schedule 4

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2012

(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	8,967	3,088	8,875	120,417
Accrued interest receivable	299	280	336	3,773
Inter-fund due to/from	2,066	661	2,721	21,875
Mortgage loans, notes and other loans	86,988	64,821	86,396	862,933
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	204	343	232	3,173
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	28,034	-	27,659	180,343
Total Assets and Deferred Outflows	126,558	69,193	126,219	1,192,514
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	79,579	42,667	79,618	787,137
Short term debt	-	-	-	-
Accrued interest payable	240	153	315	2,729
Other liabilities	30	21	23	298
Derivative instrument - interest rate swaps	28,034	-	27,659	180,343
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	107,883	42,841	107,615	970,507
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	18,675	26,352	18,604	243,674
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	(21,667)
Total Net Assets (deficit)	18,675	26,352	18,604	222,007

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2012

(in thousands of dollars)

	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	-	871	22,837	4,800
Accrued interest receivable	-	24	769	245
Inter-fund due to/from	-	386	8,031	1,632
Mortgage loans, notes and other loans	-	6,568	169,783	48,869
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	540	345
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	-	7,849	201,960	55,891
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	3,220	138,055	38,815
Short term debt	-	-	-	-
Accrued interest payable	-	13	539	160
Other liabilities	-	2	58	19
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	3,235	138,652	38,994
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	4,614	63,308	16,897
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	4,614	63,308	16,897

Schedule 5

**Combined
Total**

-
28,508
1,038
10,049
225,220
-
885
-
-
-
-
-
-
265,700

180,090
-
712
79
-
-
-
180,881

-
84,819
-
-
84,819

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER HOUSING BONDS

As of June 30, 2012

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	17,965	27,817	23,091	5,261
Accrued interest receivable	40	1,235	386	124
Inter-fund due to/from	75	5,914	3,164	-
Mortgage loans, notes and other loans	9,395	216,505	158,614	16,100
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	2,320	728	115
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	27,475	253,791	185,983	21,600
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	225,825	109,518	14,600
Short term debt	-	-	-	-
Accrued interest payable	-	969	436	2
Other liabilities	2	45	30	105
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	2	226,839	109,984	14,707
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	26,952	75,999	6,893
Restricted by contractual or statutory agreements	27,473	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	27,473	26,952	75,999	6,893

Schedule 6

Governmental Purpose Bonds 2001 A-D	Combined Total
-	-
113,043	187,177
869	2,654
3,057	12,210
121,491	522,105
-	-
1,043	4,206
-	-
-	-
-	-
-	-
25,725	25,725
<u>265,228</u>	<u>754,077</u>
121,266	471,209
-	-
363	1,770
156	338
25,725	25,725
-	-
-	-
<u>147,510</u>	<u>499,042</u>
-	-
117,718	227,562
-	27,473
-	-
<u>117,718</u>	<u>255,035</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

NON-HOUSING BONDS

As of June 30, 2012

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	143	-
Investments	19,102	11,186	12,898	7,997
Accrued interest receivable	204	372	147	493
Inter-fund due to/from	1,062	2,506	851	2,281
Mortgage loans, notes and other loans	41,421	81,255	36,599	93,648
Net investment in direct financing lease	-	-	37,912	-
Unamortized bond issuance costs	401	543	525	670
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	28	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	9,689	-	-	-
Total Assets and Deferred Outflows	71,879	95,890	89,075	105,089
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	60,250	92,079	84,478	101,568
Short term debt	-	-	-	-
Accrued interest payable	1,514	345	336	401
Other liabilities	15	29	13	35
Derivative instrument - interest rate swaps	13,412	-	-	-
Intergovernmental payable	-	-	143	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	75,191	92,453	84,970	102,004
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	(3,312)	3,437	4,105	3,085
Total Net Assets (deficit)	(3,312)	3,437	4,105	3,085

Schedule 7

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	74	217
17,949	18,369	87,501
868	450	2,534
3,881	3,727	14,308
126,389	92,710	472,022
-	15,280	53,192
955	941	4,035
-	-	-
-	-	-
-	-	28
-	-	-
-	-	-
-	-	9,689
150,042	131,551	643,526
139,288	132,625	610,288
-	-	-
578	588	3,762
45	373	510
-	-	13,412
-	74	217
-	-	-
139,911	133,660	628,189
-	-	-
-	-	-
-	-	-
10,131	(2,109)	15,337
10,131	(2,109)	15,337

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER PROGRAM FUNDS

As of June 30, 2012

(in thousands of dollars)

	<u>Energy Programs</u>	<u>Low Rent Program</u>	<u>Affordable Housing Programs</u>	<u>Section 8 Vouchers Programs</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	3,890	12,001	7,583	4,884
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(15,142)	595	(755)	(1,894)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	-	12,809	1,283	-
Capital assets - depreciable, net	3	73,928	21,430	41
Other assets	11,645	760	59	644
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	10,379	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	<u>10,775</u>	<u>100,093</u>	<u>29,600</u>	<u>3,675</u>
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	10,371	1,030	612	353
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	242	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	<u>10,371</u>	<u>1,272</u>	<u>612</u>	<u>353</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	3	86,737	22,713	41
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	3,342	12,346	7,179	5,333
Unrestricted net assets, (deficit)	(2,941)	(262)	(904)	(2,052)
Total Net Assets (deficit)	<u>404</u>	<u>98,821</u>	<u>28,988</u>	<u>3,322</u>

Schedule 8

<u>Other Grants</u>	<u>Combined Total</u>
47	28,405
-	-
-	-
(17,900)	(35,096)
-	-
-	-
-	-
-	14,092
-	95,402
7,359	20,467
-	-
3,423	13,802
-	-
<u>(7,071)</u>	<u>137,072</u>
-	-
-	-
-	-
2,446	14,812
-	-
-	242
-	-
<u>2,446</u>	<u>15,054</u>
-	109,494
-	-
6,991	35,191
<u>(16,508)</u>	<u>(22,667)</u>
<u>(9,517)</u>	<u>122,018</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	8,896	12,405	50,521	15,928
Investment interest	423	267	397	95
Net change in the fair value of investments	7,714	2	7	1
Net change of hedge termination	-	-	-	-
Total Investment Revenue	8,137	269	404	96
Externally funded program	-	-	-	-
Rental	51	-	-	-
Other	2,567	-	250	-
Total Operating Revenues	19,651	12,674	51,175	16,024
<u>OPERATING EXPENSES</u>				
Interest	130	8,370	39,821	10,820
Mortgage and loan costs	1,476	1,038	3,686	1,206
Financing expenses	623	721	4,626	625
Provision for loan loss	(2,666)	5,187	(3,612)	(2,055)
Operations and administration	2,562	3,454	9,928	2,770
Rental housing operating expenses	437	-	-	-
Housing grants and subsidies	3,268	-	-	-
Total Operating Expenses	5,830	18,770	54,449	13,366
Operating Income (Loss)	13,821	(6,096)	(3,274)	2,658
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(8,398)	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(73,355)	23,424	6,847	(15,492)
Change in Net Assets	(67,932)	17,328	3,573	(12,834)
Net assets at beginning of year	879,330	26,201	218,434	97,653
Net Assets at End of Period	811,398	43,529	222,007	84,819

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
31,483	27,845	-	147,078
2,670	2,924	17	6,793
7	(64)	-	7,667
-	(1,765)	-	(1,765)
2,677	1,095	17	12,695
-	-	179,704	179,704
-	-	8,503	8,554
-	-	330	3,147
34,160	28,940	188,554	351,178
23,259	29,158	-	111,558
1,658	2,067	-	11,131
575	637	-	7,807
1,255	349	-	(1,542)
5,875	5,049	27,488	57,126
-	-	15,936	16,373
-	-	175,926	179,194
32,622	37,260	219,350	381,647
1,538	(8,320)	(30,796)	(30,469)
-	(809)	-	(9,207)
-	-	-	-
7,111	4,366	47,099	-
8,649	(4,763)	16,303	(39,676)
246,386	20,100	105,715	1,593,819
255,035	15,337	122,018	1,554,143

ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**REVOLVING FUNDS**

For the Year Ended June 30, 2012

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>OPERATING REVENUES</u>			
Mortgage and loans revenue	8,896	-	8,896
Investment interest	410	13	423
Net change in the fair value of investments	7,710	4	7,714
Net change of hedge termination	-	-	-
Total Investment Revenue	8,120	17	8,137
Externally funded program	-	-	-
Rental	51	-	51
Other	2,559	8	2,567
Total Operating Revenues	19,626	25	19,651
<u>OPERATING EXPENSES</u>			
Interest	130	-	130
Mortgage and loan costs	1,476	-	1,476
Financing expenses	623	-	623
Provision for loan loss	(2,666)	-	(2,666)
Operations and administration	2,562	-	2,562
Rental housing operating expenses	437	-	437
Housing grants and subsidies	3,268	-	3,268
Total Operating Expenses	5,830	-	5,830
Operating Income (Loss)	13,796	25	13,821
<u>NONOPERATING EXPENSES.</u>			
<u>SPECIAL ITEMS & TRANSFERS</u>			
Contributions to the State of Alaska or other State agencies	(8,398)	-	(8,398)
Special Items	-	-	-
Transfers - Internal	(73,355)	-	(73,355)
Change in Net Assets	(67,957)	25	(67,932)
Net assets at beginning of year	867,868	11,462	879,330
Net Assets at End of Period	799,911	11,487	811,398

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Bonds 2001 A,B	Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	990	(1)	6,272	5,144
Investment interest	1	41	29	196
Net change in the fair value of investments	-	-	-	2
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	41	29	198
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	991	40	6,301	5,342
<u>OPERATING EXPENSES</u>				
Interest	649	40	4,579	3,102
Mortgage and loan costs	68	-	533	437
Financing expenses	515	15	63	128
Provision for loan loss	(1,768)	-	645	6,310
Operations and administration	82	247	1,471	1,654
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	(454)	302	7,291	11,631
Operating Income (Loss)	1,445	(262)	(990)	(6,289)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(16,110)	(2,334)	1,801	40,067
Change in Net Assets	(14,665)	(2,596)	811	33,778
Net assets at beginning of year	14,665	2,596	8,940	-
Net Assets at End of Period	-	-	9,751	33,778

Schedule 11

**Mortgage
Revenue
Bonds
Combined
Total**

12,405
267
2
-
269
-
-
-
12,674

8,370
1,038
721
5,187
3,454
-
-
18,770
(6,096)

-
-
23,424
17,328
26,201
43,529

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	8,629	2,724	1,757	1,926
Investment interest	128	13	9	12
Net change in the fair value of investments	2	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	130	13	9	12
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	250	-	-	-
Total Operating Revenues	9,009	2,737	1,766	1,938
<u>OPERATING EXPENSES</u>				
Interest	8,131	2,297	1,324	1,286
Mortgage and loan costs	633	191	119	123
Financing expenses	1,592	148	210	255
Provision for loan loss	(615)	(257)	(70)	(689)
Operations and administration	1,490	505	358	357
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	11,231	2,884	1,941	1,332
Operating Income (Loss)	(2,222)	(147)	(175)	606
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	723	523	14,727	17,739
Change in Net Assets	(1,499)	376	14,552	18,345
Net assets at beginning of year	44,196	4,688	2,947	2,032
Net Assets at End of Period	42,697	5,064	17,499	20,377

Schedule 12
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
3,270	3,450	2,856	4,088	2,337	3,002	3,980
33	28	11	32	9	11	34
1	-	-	1	-	-	1
-	-	-	-	-	-	-
34	28	11	33	9	11	35
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,304	3,478	2,867	4,121	2,346	3,013	4,015
2,824	2,843	2,162	3,371	1,686	2,342	2,954
273	270	197	322	150	197	289
145	141	261	174	251	296	82
(143)	66	(764)	186	(560)	(361)	(283)
639	643	551	760	426	551	968
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,738	3,963	2,407	4,813	1,953	3,025	4,010
(434)	(485)	460	(692)	393	(12)	5
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(13,827)	(17,546)	19,934	(19,009)	24,043	23,289	(23,329)
(14,261)	(18,031)	20,394	(19,701)	24,436	23,277	(23,324)
9,448	10,449	2,956	10,429	2,491	3,188	40,988
(4,813)	(7,582)	23,350	(9,272)	26,927	26,465	17,664

ALASKA HOUSING FINANCE CORPORATION

Schedule 12

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	4,069	4,045	4,388	50,521
Investment interest	33	11	33	397
Net change in the fair value of investments	1	-	1	7
Net change of hedge termination	-	-	-	-
Total Investment Revenue	34	11	34	404
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	250
Total Operating Revenues	4,103	4,056	4,422	51,175
<u>OPERATING EXPENSES</u>				
Interest	2,947	2,665	2,989	39,821
Mortgage and loan costs	303	310	309	3,686
Financing expenses	82	277	712	4,626
Provision for loan loss	(56)	108	(174)	(3,612)
Operations and administration	982	739	959	9,928
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	4,258	4,099	4,795	54,449
Operating Income (Loss)	(155)	(43)	(373)	(3,274)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(22,201)	22,478	(20,697)	6,847
Change in Net Assets	(22,356)	22,435	(21,070)	3,573
Net assets at beginning of year	41,031	3,917	39,674	218,434
Net Assets at End of Period	18,675	26,352	18,604	222,007

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2012

(in thousands of dollars)

	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	479	450	11,618	3,381
Investment interest	2	2	69	22
Net change in the fair value of investments	-	-	1	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	<u>2</u>	<u>2</u>	<u>70</u>	<u>22</u>
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	<u>481</u>	<u>452</u>	<u>11,688</u>	<u>3,403</u>
<u>OPERATING EXPENSES</u>				
Interest	259	238	7,861	2,462
Mortgage and loan costs	32	35	882	257
Financing expenses	83	204	189	149
Provision for loan loss	(98)	(24)	(979)	(954)
Operations and administration	56	84	2,042	588
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	<u>332</u>	<u>537</u>	<u>9,995</u>	<u>2,502</u>
Operating Income (Loss)	<u>149</u>	<u>(85)</u>	<u>1,693</u>	<u>901</u>
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(5,947)	(307)	(7,218)	(2,020)
Change in Net Assets	<u>(5,798)</u>	<u>(392)</u>	<u>(5,525)</u>	<u>(1,119)</u>
Net assets at beginning of year	5,798	5,006	68,833	18,016
Net Assets at End of Period	<u>-</u>	<u>4,614</u>	<u>63,308</u>	<u>16,897</u>

Schedule 13

**Combined
Total**

<u>15,928</u>
95
1
<u>-</u>
<u>96</u>
-
-
-
<u>16,024</u>
10,820
1,206
625
(2,055)
2,770
-
-
<u>13,366</u>
<u>2,658</u>
-
-
<u>(15,492)</u>
<u>(12,834)</u>
97,653
<u>84,819</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER HOUSING BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	701	15,038	6,618	301
Investment interest	43	67	128	13
Net change in the fair value of investments	1	1	1	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	44	68	129	13
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	745	15,106	6,747	314
<u>OPERATING EXPENSES</u>				
Interest	-	11,804	6,658	16
Mortgage and loan costs	42	584	431	-
Financing expenses	-	314	283	126
Provision for loan loss	(331)	2,329	80	-
Operations and administration	90	2,439	1,730	170
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	(199)	17,470	9,182	312
Operating Income (Loss)	944	(2,364)	(2,435)	2
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	12	(4,000)	9,961	192
Change in Net Assets	956	(6,364)	7,526	194
Net assets at beginning of year	26,517	33,316	68,473	6,699
Net Assets at End of Period	27,473	26,952	75,999	6,893

Schedule 14

Governmental Purpose Bonds 2001 A-D	Combined Total
8,825	31,483
2,419	2,670
4	7
-	-
2,423	2,677
-	-
-	-
-	-
11,248	34,160
4,781	23,259
601	1,658
(148)	575
(823)	1,255
1,446	5,875
-	-
-	-
5,857	32,622
5,391	1,538
-	-
-	-
946	7,111
6,337	8,649
111,381	246,386
117,718	255,035

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NON-HOUSING BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	2,768	4,936	1,992	5,969
Investment interest	132	26	1,615	26
Net change in the fair value of investments	(25)	-	1	-
Net change of hedge termination	(1,765)	-	-	-
Total Investment Revenue	(1,658)	26	1,616	26
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,110	4,962	3,608	5,995
<u>OPERATING EXPENSES</u>				
Interest	3,026	4,157	3,901	3,810
Mortgage and loan costs	226	388	176	413
Financing expenses	136	66	84	94
Provision for loan loss	(280)	(196)	54	(645)
Operations and administration	489	879	376	985
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	3,597	5,294	4,591	4,657
Operating Income (Loss)	(2,487)	(332)	(983)	1,338
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(533)	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(3,674)	(1,545)	478	504
Change in Net Assets	(6,694)	(1,877)	(505)	1,842
Net assets at beginning of year	3,382	5,314	4,610	1,243
Net Assets at End of Period	(3,312)	3,437	4,105	3,085

Schedule 15

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
7,302	4,878	27,845
184	941	2,924
(41)	1	(64)
-	-	(1,765)
143	942	1,095
-	-	-
-	-	-
-	-	-
7,445	5,820	28,940
6,800	7,464	29,158
500	364	2,067
111	146	637
237	1,179	349
1,338	982	5,049
-	-	-
-	-	-
8,986	10,135	37,260
(1,541)	(4,315)	(8,320)
(276)	-	(809)
-	-	-
8	8,595	4,366
(1,809)	4,280	(4,763)
11,940	(6,389)	20,100
10,131	(2,109)	15,337

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Programs
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	-	-	-	-
Investment interest	3	3	2	9
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	3	3	2	9
Externally funded program	110,626	13,023	2,248	36,117
Rental	-	6,364	2,138	1
Other	2	5	11	61
Total Operating Revenues	110,631	19,395	4,399	36,188
<u>OPERATING EXPENSES</u>				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	5,065	13,208	2,872	4,340
Rental housing operating expenses	1,974	10,781	3,074	107
Housing grants and subsidies	100,385	141	-	30,479
Total Operating Expenses	107,424	24,130	5,946	34,926
Operating Income (Loss)	3,207	(4,735)	(1,547)	1,262
<u>NONOPERATING EXPENSES.</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(5,245)	9,359	1,941	(61)
Change in Net Assets	(2,038)	4,624	394	1,201
Net assets at beginning of year	2,442	94,197	28,594	2,121
Net Assets at End of Period	404	98,821	28,988	3,322

Schedule 16

Other Grants	Combined Total
-	-
-	17
-	-
-	-
-	17
17,690	179,704
-	8,503
251	330
17,941	188,554
-	-
-	-
-	-
-	-
2,003	27,488
-	15,936
44,921	175,926
46,924	219,350
(28,983)	(30,796)
-	-
-	-
41,105	47,099
12,122	16,303
(21,639)	105,715
(9,517)	122,018

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds and Notes
Cash flows from operating activities:				
Interest income on mortgages and loans	3,832	11,824	46,735	14,705
Principal payments received on mortgages and loans	9,375	36,247	248,001	97,211
Purchases of mortgages and loans	(425,878)	-	-	-
Receipt (payment) for loan transfers between funds	381,967	(128,547)	(71,396)	(11,870)
Payments to employees and other payroll disbursements	(23,521)	-	-	-
Payments for goods and services	(15,718)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	1,031,057	45,544	292,397	107,438
Interfund Payments	(1,021,919)	(48,175)	(295,420)	(112,172)
Grant payments to other agencies	(34,950)	-	-	-
Other operating cash receipts	43,174	-	166,629	-
Other operating cash payments	(20,167)	-	(166,629)	-
Net cash provided by (used for) operating activities	(72,748)	(83,107)	220,317	95,312
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	100,305	-	-
Principal paid on bonds	-	(50,535)	(224,300)	(64,740)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,062)	-	-	-
Interest paid	(1,594)	(8,340)	(38,695)	(11,078)
Proceeds from issuance of short term debt	345,931	-	-	-
Payment of short term debt	(364,209)	-	-	-
Contributions to the State of Alaska or other State agencies	(9,381)	-	-	-
Transfers (to) from other funds	111,167	(75,078)	(13,416)	(8,120)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	80,852	(33,648)	(276,411)	(83,938)
Cash flows from capital financing activities:				
Acquisition of capital assets	(3,749)	-	-	-
Proceeds from the disposal of capital assets	5	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	(30)	-	-	-
Net cash provided by (used for) capital financing activities	(3,774)	-	-	-
Cash flows from investing activities:				
Purchase of investments	(2,971,279)	(503,007)	(794,283)	(327,208)
Proceeds from maturity of investments	2,961,139	611,465	849,980	315,739
Interest received from investments	367	227	397	95
Net cash provided by (used for) investing activities	(9,773)	108,685	56,094	(11,374)
Net Increase (decrease) in cash	(5,443)	(8,070)	-	-
Cash at the beginning of year	41,452	8,070	-	-
Cash at the end of period	36,009	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	13,821	(6,096)	(3,274)	2,658
<i>Adjustments:</i>				
Depreciation expense	685	-	-	-
Provision for loan losses	(2,666)	5,187	(3,612)	(2,055)
Amortization of bond issuance costs	-	634	1,826	409
Net change in the fair value of investments	(7,714)	(2)	(7)	(1)
Transfers between funds for operating activity	(80,326)	4,666	12,839	2,990
Interest received from investments	(367)	(227)	(397)	(95)
Interest paid	1,594	8,340	38,695	11,078
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	(34,536)	(92,300)	176,605	85,341
Net increase (decrease) in assets and liabilities	36,761	(3,309)	(2,358)	(5,013)
Net cash provided by (used for) operating activities	(72,748)	(83,107)	220,317	95,312

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
29,836	26,190	-	133,122
115,111	137,788	-	643,733
-	-	-	(425,878)
(53,292)	(116,862)	-	-
-	-	(14,351)	(37,872)
-	-	(15,382)	(31,100)
-	-	143,709	143,709
-	-	34,214	34,214
-	-	(32,798)	(32,798)
147,566	160,514	150,768	1,935,284
(145,046)	(164,360)	(148,192)	(1,935,284)
-	-	(113,265)	(148,215)
1	1,950	10,928	222,682
-	(4,859)	(1,186)	(192,841)
94,176	40,361	14,445	308,756
-	-	-	100,305
(53,070)	(18,059)	-	(410,704)
-	-	-	-
-	-	-	(1,062)
(23,247)	(27,301)	-	(110,255)
-	-	-	345,931
-	-	-	(364,209)
-	(809)	-	(10,190)
(5,840)	(8,713)	-	-
-	-	-	-
(82,157)	(54,882)	-	(450,184)
-	-	(6,824)	(10,573)
-	-	4	9
-	-	-	-
-	(4,011)	-	(4,011)
-	-	-	-
-	(1,733)	-	(1,733)
-	6,771	-	6,771
-	-	-	(30)
-	1,027	(6,820)	(9,567)
(988,202)	(583,407)	-	(6,167,386)
973,485	593,495	-	6,305,303
2,698	497	17	4,298
(12,019)	10,585	17	142,215
-	(2,909)	7,642	(8,780)
-	3,126	20,763	73,411
-	217	28,405	64,631
1,538	(8,320)	(30,796)	(30,469)
-	-	6,964	7,649
1,255	349	-	(1,542)
585	377	-	3,831
(7)	64	-	(7,667)
6,512	6,132	47,187	-
(2,698)	(497)	(17)	(4,298)
23,247	29,034	-	111,988
61,819	20,926	-	217,855
1,925	(7,704)	(8,893)	11,409
94,176	40,361	14,445	308,756

ALASKA HOUSING FINANCE CORPORATION
Schedule 18

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS
REVOLVING FUNDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	3,832	-	3,832
Principal payments received on mortgages and loans	9,375	-	9,375
Purchases of mortgages and loans	(425,878)	-	(425,878)
Receipt (payment) for loan transfers between funds	381,967	-	381,967
Payments to employees and other payroll disbursements	(23,521)	-	(23,521)
Payments for goods and services	(15,718)	-	(15,718)
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	1,031,057	-	1,031,057
Interfund Payments	(1,021,919)	-	(1,021,919)
Grant payments to other agencies	(34,950)	-	(34,950)
Other operating cash receipts	43,166	8	43,174
Other operating cash payments	(20,167)	-	(20,167)
Net cash provided by (used for) operating activities	(72,756)	8	(72,748)
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(1,062)	-	(1,062)
Interest paid	(1,594)	-	(1,594)
Proceeds from issuance of short term debt	345,931	-	345,931
Payment of short term debt	(364,209)	-	(364,209)
Contributions to the State of Alaska or other State agencies	(9,381)	-	(9,381)
Transfers (to) from other funds	111,167	-	111,167
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	80,852	-	80,852
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(3,749)	-	(3,749)
Proceeds from the disposal of capital assets	5	-	5
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from the direct financing lease payments	-	-	-
Other cash payments	(30)	-	(30)
Net cash provided by (used for) capital financing activities	(3,774)	-	(3,774)
<u>Cash flows from investing activities:</u>			
Purchase of investments	(2,949,170)	(22,109)	(2,971,279)
Proceeds from maturity of investments	2,939,044	22,095	2,961,139
Interest received from investments	353	14	367
Net cash provided by (used for) investing activities	(9,773)	-	(9,773)
Net Increase (decrease) in cash	(5,451)	8	(5,443)
Cash at the beginning of year	41,087	365	41,452
Cash at the end of period	35,636	373	36,009
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	13,796	25	13,821
<i>Adjustments:</i>			
Depreciation expense	685	-	685
Provision for loan losses	(2,666)	-	(2,666)
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(7,710)	(4)	(7,714)
Transfers between funds for operating activity	(80,326)	-	(80,326)
Interest received from investments	(353)	(14)	(367)
Interest paid	1,594	-	1,594
<i>Changes in assets and liabilities:</i>			
Net increase (decrease) in mortgages and loans	(34,536)	-	(34,536)
Net increase (decrease) in assets and liabilities	36,760	1	36,761
Net cash provided by (used for) operating activities	(72,756)	8	(72,748)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Bonds 2001 A,B	Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	790	-	5,761	5,273
Principal payments received on mortgages and loans	3,503	-	13,590	19,154
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	60	-	(25,923)	(102,684)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	5,035	-	19,573	20,936
Interfund Payments	(4,293)	-	(19,397)	(24,485)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	5,095	-	(6,396)	(81,806)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	100,305
Principal paid on bonds	(39,165)	-	(3,605)	(7,765)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(838)	(293)	(4,568)	(2,641)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	25,892	(131,334)	(1,931)	32,295
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(14,111)	(131,627)	(10,104)	122,194
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(34,062)	(9)	(48,659)	(420,277)
Proceeds from maturity of investments	35,007	131,627	65,130	379,701
Interest received from investments	1	9	29	188
Net cash provided by (used for) investing activities	946	131,627	16,500	(40,388)
Net Increase (decrease) in cash	(8,070)	-	-	-
Cash at the beginning of year	8,070	-	-	-
Cash at the end of period	-	-	-	-
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>				
Operating income (loss)	1,445	(262)	(990)	(6,289)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(1,768)	-	645	6,310
Amortization of bond issuance costs	512	12	50	60
Net change in the fair value of investments	-	-	-	(2)
Transfers between funds for operating activity	(238)	250	1,630	3,024
Interest received from investments	(1)	(9)	(29)	(188)
Interest paid	838	293	4,568	2,641
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	3,563	-	(12,333)	(83,530)
Net increase (decrease) in assets and liabilities	744	(284)	63	(3,832)
Net cash provided by (used for) operating activities	5,095	-	(6,396)	(81,806)

Schedule 19

Mortgage Revenue Bonds Combined Total
11,824
36,247
-
(128,547)
-
-
-
-
45,544
(48,175)
-
-
-
<u>(83,107)</u>
100,305
(50,535)
-
-
(8,340)
-
-
(75,078)
-
<u>(33,648)</u>
-
-
-
-
-
-
-
-
(503,007)
611,465
227
<u>108,685</u>
(8,070)
8,070
-
<u><u>-</u></u>
(6,096)
-
5,187
634
(2)
4,666
(227)
8,340
(92,300)
(3,309)
<u><u>(83,107)</u></u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	7,997	2,496	1,638	1,768
Principal payments received on mortgages and loans	32,577	14,004	8,204	11,172
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,225)	542	104	1,172
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	39,290	16,159	10,373	13,663
Interfund Payments	(40,668)	(16,540)	(9,865)	(12,971)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	166,629	-	-	-
Other operating cash payments	(166,629)	-	-	-
Net cash provided by (used for) operating activities	33,971	16,661	10,454	14,804
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(22,275)	(14,240)	(23,660)	(30,135)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(6,192)	(2,496)	(1,513)	(1,719)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(2,854)	-	14,360	17,375
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(31,321)	(16,736)	(10,813)	(14,479)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(200,905)	(33,680)	(28,610)	(44,022)
Proceeds from maturity of investments	198,128	33,742	28,960	43,685
Interest received from investments	127	13	9	12
Net cash provided by (used for) investing activities	(2,650)	75	359	(325)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>				
Operating income (loss)	(2,222)	(147)	(175)	606
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(615)	(257)	(70)	(689)
Amortization of bond issuance costs	131	130	202	247
Net change in the fair value of investments	(2)	-	-	-
Transfers between funds for operating activity	2,723	523	367	365
Interest received from investments	(127)	(13)	(9)	(12)
Interest paid	6,192	2,496	1,513	1,719
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	27,352	14,546	8,308	12,344
Net increase (decrease) in assets and liabilities	539	(617)	318	224
Net cash provided by (used for) operating activities	33,971	16,661	10,454	14,804

Schedule 20
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
3,047	3,201	2,621	3,803	2,148	2,778	3,703
18,957	17,719	12,710	20,682	12,727	13,943	27,976
-	-	-	-	-	-	-
(13,126)	(8,650)	978	(11,129)	1,063	600	(11,908)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,877	20,818	15,285	24,502	15,119	16,199	31,973
(22,055)	(20,968)	(15,366)	(24,541)	(14,910)	(16,760)	(31,752)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,700	12,120	16,228	13,317	16,147	16,760	19,992
-	-	-	-	-	-	-
-	-	(31,560)	-	(36,335)	(34,735)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,730)	(2,747)	(2,286)	(3,261)	(1,844)	(2,434)	(2,892)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(15,885)	(19,718)	19,381	(21,165)	23,406	22,736	(25,114)
-	-	-	-	-	-	-
(18,615)	(22,465)	(14,465)	(24,426)	(14,773)	(14,433)	(28,006)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(53,014)	(48,265)	(37,290)	(59,431)	(35,670)	(38,685)	(70,665)
63,895	58,582	35,517	70,507	34,287	36,347	78,645
34	28	10	33	9	11	34
10,915	10,345	(1,763)	11,109	(1,374)	(2,327)	8,014
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(434)	(485)	460	(692)	393	(12)	5
-	-	-	-	-	-	-
(143)	66	(764)	186	(560)	(361)	(283)
7	4	259	6	249	294	8
(1)	-	-	(1)	-	-	(1)
851	834	553	1,003	429	553	1,073
(34)	(28)	(10)	(33)	(9)	(11)	(34)
2,730	2,747	2,286	3,261	1,844	2,434	2,892
5,831	9,069	13,688	9,553	13,790	14,543	16,068
(1,107)	(87)	(244)	34	11	(680)	264
7,700	12,120	16,228	13,317	16,147	16,760	19,992

ALASKA HOUSING FINANCE CORPORATION

Schedule 20

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOME BUYERS PROGRAM

HOME MORTGAGE REVEUNE BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	3,742	3,712	4,081	46,735
Principal payments received on mortgages and loans	24,935	8,747	23,648	248,001
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(12,204)	570	(14,183)	(71,396)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	28,030	12,728	27,381	292,397
Interfund Payments	(28,743)	(12,487)	(27,794)	(295,420)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	166,629
Other operating cash payments	-	-	-	(166,629)
Net cash provided by (used for) operating activities	15,760	13,270	13,133	220,317
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(31,360)	-	(224,300)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,885)	(2,770)	(2,926)	(38,695)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(23,879)	21,317	(23,376)	(13,416)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(26,764)	(12,813)	(26,302)	(276,411)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(65,126)	(23,489)	(55,431)	(794,283)
Proceeds from maturity of investments	76,097	23,021	68,567	849,980
Interest received from investments	33	11	33	397
Net cash provided by (used for) investing activities	11,004	(457)	13,169	56,094
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(155)	(43)	(373)	(3,274)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(56)	108	(174)	(3,612)
Amortization of bond issuance costs	7	274	8	1,826
Net change in the fair value of investments	(1)	-	(1)	(7)
Transfers between funds for operating activity	1,088	744	1,733	12,839
Interest received from investments	(33)	(11)	(33)	(397)
Interest paid	2,885	2,770	2,926	38,695
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	12,731	9,317	9,465	176,605
Net increase (decrease) in assets and liabilities	(706)	111	(418)	(2,358)
Net cash provided by (used for) operating activities	15,760	13,270	13,133	220,317

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2012

(in thousands of dollars)

	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series
Cash flows from operating activities:				
Interest income on mortgages and loans	422	419	10,786	3,078
Principal payments received on mortgages and loans	2,677	4,031	73,766	16,737
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	900	24	(14,056)	1,262
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	3,344	4,149	80,900	19,045
Interfund Payments	(3,100)	(4,461)	(84,749)	(19,862)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	4,243	4,162	66,647	20,260
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(8,490)	(3,070)	(38,705)	(14,475)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(297)	(251)	(8,011)	(2,519)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	4,437	(596)	(9,350)	(2,611)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(4,350)	(3,917)	(56,066)	(19,605)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(13,305)	(7,102)	(242,539)	(64,262)
Proceeds from maturity of investments	13,410	6,855	231,889	63,585
Interest received from investments	2	2	69	22
Net cash provided by (used for) investing activities	107	(245)	(10,581)	(655)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	149	(85)	1,693	901
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(98)	(24)	(979)	(954)
Amortization of bond issuance costs	83	-	179	147
Net change in the fair value of investments	-	-	(1)	-
Transfers between funds for operating activity	(22)	289	2,132	591
Interest received from investments	(2)	(2)	(69)	(22)
Interest paid	297	251	8,011	2,519
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	3,577	4,055	59,710	17,999
Net increase (decrease) in assets and liabilities	259	(322)	(4,029)	(921)
Net cash provided by (used for) operating activities	4,243	4,162	66,647	20,260

Schedule 21

**Combined
Total**

14,705
97,211
-
(11,870)
-
-
-
-
107,438
(112,172)
-
-
-
95,312

-
(64,740)
-
-
(11,078)
-
-
-
(8,120)
-
(83,938)

-
-
-
-
-
-
-
-
-

(327,208)
315,739
95
(11,374)

-
-
-

2,658
-
(2,055)
409
(1)
2,990
(95)
11,078

85,341
(5,013)
95,312

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	626	14,496	6,248	310
Principal payments received on mortgages and loans	1,984	40,143	29,966	1,190
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	8,239	(41,980)	(20,375)	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	2,681	59,685	34,859	-
Interfund Payments	(2,615)	(56,039)	(36,289)	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	1	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	10,915	16,305	14,410	1,500
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(12,300)	(36,150)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(11,849)	(6,995)	(15)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	(5,598)	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(29,747)	(43,145)	(15)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(124,612)	(307,997)	(188,252)	(16,930)
Proceeds from maturity of investments	113,655	321,372	216,858	15,432
Interest received from investments	42	67	129	13
Net cash provided by (used for) investing activities	(10,915)	13,442	28,735	(1,485)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	944	(2,364)	(2,435)	2
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(331)	2,329	80	-
Amortization of bond issuance costs	-	206	274	8
Net change in the fair value of investments	(1)	(1)	(1)	-
Transfers between funds for operating activity	12	2,689	1,820	192
Interest received from investments	(42)	(67)	(129)	(13)
Interest paid	-	11,849	6,995	15
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	10,223	(1,837)	9,591	1,190
Net increase (decrease) in assets and liabilities	110	3,501	(1,785)	106
Net cash provided by (used for) operating activities	10,915	16,305	14,410	1,500

Schedule 22

Governmental Purpose Bonds 2001 A-D	Combined Total
8,156	29,836
41,828	115,111
-	-
824	(53,292)
-	-
-	-
-	-
-	-
50,341	147,566
(50,103)	(145,046)
-	-
-	1
-	-
51,046	94,176
-	-
(4,620)	(53,070)
-	-
-	-
(4,388)	(23,247)
-	-
-	-
(242)	(5,840)
-	-
(9,250)	(82,157)
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
(350,411)	(988,202)
306,168	973,485
2,447	2,698
(41,796)	(12,019)
-	-
-	-
-	-
5,391	1,538
-	-
(823)	1,255
97	585
(4)	(7)
1,799	6,512
(2,447)	(2,698)
4,388	23,247
42,652	61,819
(7)	1,925
51,046	94,176

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

NON-HOUSING BONDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	State Capital Project Bonds 2002 A,B,C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	2,562	4,597	1,853	5,594
Principal payments received on mortgages and loans	14,938	23,997	11,764	22,198
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	(15,317)	(8,049)	(13,189)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	18,467	28,156	13,455	27,310
Interfund Payments	(17,542)	(28,661)	(13,648)	(27,856)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	1,876	-
Other operating cash payments	-	-	(2,127)	-
Net cash provided by (used for) operating activities	18,425	12,772	5,124	14,057
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(438)	(1,695)	(3,270)	(6,320)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(356)	(4,210)	(4,091)	(4,870)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	(533)	-	-	-
Transfers (to) from other funds	(5,528)	(1,565)	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(6,855)	(7,470)	(7,361)	(11,190)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	(3,942)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(1,316)	-	-	-
Proceeds from the direct financing lease payments	-	-	3,304	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(5,258)	-	3,304	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(68,854)	(89,643)	(88,268)	(66,795)
Proceeds from maturity of investments	62,383	84,315	86,920	63,902
Interest received from investments	159	26	30	26
Net cash provided by (used for) investing activities	(6,312)	(5,302)	(1,318)	(2,867)
Net Increase (decrease) in cash	-	-	(251)	-
Cash at the beginning of year	-	-	394	-
Cash at the end of period	-	-	143	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(2,487)	(332)	(983)	1,338
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(280)	(196)	54	(645)
Amortization of bond issuance costs	74	30	52	90
Net change in the fair value of investments	25	-	(1)	-
Transfers between funds for operating activity	555	959	448	1,027
Interest received from investments	(159)	(26)	(30)	(26)
Interest paid	1,672	4,210	4,091	4,870
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	14,938	8,680	3,715	9,009
Net increase (decrease) in assets and liabilities	4,087	(553)	(2,222)	(1,606)
Net cash provided by (used for) operating activities	18,425	12,772	5,124	14,057

Schedule 23

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
6,820	4,764	26,190
30,543	34,348	137,788
-	-	-
(41,321)	(38,986)	(116,862)
-	-	-
-	-	-
-	-	-
-	-	-
35,606	37,520	160,514
(37,450)	(39,203)	(164,360)
-	-	-
-	74	1,950
-	(2,732)	(4,859)
(5,802)	(4,215)	40,361
-	-	-
(1,081)	(5,255)	(18,059)
-	-	-
-	-	-
(6,540)	(7,234)	(27,301)
-	-	-
-	-	-
(276)	-	(809)
(1,620)	-	(8,713)
-	-	-
(9,517)	(12,489)	(54,882)
-	-	-
-	-	-
-	-	-
(69)	-	(4,011)
-	-	-
(417)	-	(1,733)
-	3,467	6,771
-	-	-
(486)	3,467	1,027
(145,294)	(124,553)	(583,407)
160,913	135,062	593,495
186	70	497
15,805	10,579	10,585
-	(2,658)	(2,909)
-	2,732	3,126
-	74	217
(1,541)	(4,315)	(8,320)
-	-	-
237	1,179	349
41	90	377
41	(1)	64
1,628	1,515	6,132
(186)	(70)	(497)
6,957	7,234	29,034
(10,778)	(4,638)	20,926
(2,201)	(5,209)	(7,704)
(5,802)	(4,215)	40,361

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2012

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Programs
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	-	-	-	-
Principal payments received on mortgages and loans	-	-	-	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	(1,606)	(7,222)	(1,479)	(3,146)
Payments for goods and services	(5,686)	(7,385)	(1,554)	(403)
Cash received for externally funded programs	108,518	13,104	2,249	3,750
Cash received for Federal HAP subsidies	-	-	-	34,214
Payments for Federal HAP subsidies	-	-	-	(32,798)
Interfund Receipts	108,611	14,774	2,994	3,486
Interfund Payments	(106,517)	(17,178)	(3,236)	(3,072)
Grant payments to other agencies	(94,938)	-	-	-
Other operating cash receipts	329	6,331	2,175	248
Other operating cash payments	-	(32)	(1)	(129)
Net cash provided by (used for) operating activities	8,711	2,392	1,148	2,150
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(6,383)	(421)	-	(20)
Proceeds from the disposal of capital assets	-	3	-	1
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(6,383)	(418)	-	(19)
<u>Cash flows from investing activities:</u>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	3	3	2	9
Net cash provided by (used for) investing activities	3	3	2	9
Net Increase (decrease) in cash	2,331	1,977	1,150	2,140
Cash at the beginning of year	1,559	10,024	6,433	2,744
Cash at the end of period	3,890	12,001	7,583	4,884
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	3,207	(4,735)	(1,547)	1,262
<i>Adjustments:</i>				
Depreciation expense	4	5,757	1,189	14
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,213	2,787	1,143	(61)
Interest received from investments	(3)	(3)	(2)	(9)
Interest paid	-	-	-	-
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	3,290	(1,414)	365	944
Net cash provided by (used for) operating activities	8,711	2,392	1,148	2,150

