

The logo features a stylized blue mountain peak or roofline composed of three parallel lines. Below this graphic, the word "Alaska" is written in a large, bold, black serif font. Underneath "Alaska", the word "Housing" is written in a larger, bold, black serif font. At the bottom of the logo, the words "FINANCE CORPORATION" are written in a smaller, bold, black sans-serif font.

Alaska
Housing
FINANCE CORPORATION

a component unit of the State of Alaska

**Quarterly Unaudited
Financial Statements
December 31, 2014**

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This is a publication of Alaska Housing Finance Corporation. For comments or questions:
 Website: <http://www.ahfc.us/pros/investors/financials-histori/> or
 E-Mail: dboyce@ahfc.us

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

As of December 31, 2014

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
ASSETS				
Cash	41,987	4,906	482	21,799
Investments	552,259	-	310,509	11,545
Accrued interest receivable	2,154	-	9,832	50
Inter-fund due to/from	(8,107)	(11,288)	35,450	(3,094)
Mortgage loans, notes and other loans	183,772	-	2,430,561	-
Net investment in direct financing lease	-	-	41,273	-
Capital assets - non-depreciable	139	-	2,400	13,699
Capital assets - depreciable, net	4,557	46	10,064	82,398
Other assets	7,065	9,963	-	2,294
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	121	15,202	-	204
Total Assets	783,947	18,829	2,840,571	128,895
DEFERRED OUTFLOW OF RESOURCES				
	-	-	182,899	-
LIABILITIES				
Bonds payable	-	-	2,235,787	-
Short term debt	16,099	-	-	-
Accrued interest payable	2,103	-	6,640	-
Other liabilities	8,796	840	1,567	1,631
Derivative instrument - interest rate swaps	-	-	166,819	-
Intergovernmental payable	617	-	99	-
Total Liabilities	27,615	840	2,410,912	1,631
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	4,696	46	12,464	96,097
Restricted by bond resolutions	-	-	577,331	-
Restricted by contractual or statutory agreements	51,082	19,848	28,832	31,771
Unrestricted or (deficit)	700,554	(1,905)	(6,069)	(604)
Total Net Position	756,332	17,989	612,558	127,264

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total December 31, 2014
69,174	4,928	74,102
874,313	-	874,313
12,036	-	12,036
12,961	(12,961)	-
2,614,333	-	2,614,333
41,273	-	41,273
16,238	4,600	20,838
97,065	-	97,065
19,322	1,150	20,472
-	-	-
15,527	-	15,527
<u>3,772,242</u>	<u>(2,283)</u>	<u>3,769,959</u>
<u>182,899</u>	<u>-</u>	<u>182,899</u>
2,235,787	-	2,235,787
16,099	-	16,099
8,743	-	8,743
12,834	1	12,835
166,819	-	166,819
716	-	716
<u>2,440,998</u>	<u>1</u>	<u>2,440,999</u>
<u>-</u>	<u>-</u>	<u>-</u>
113,303	4,600	117,903
577,331	-	577,331
131,533	-	131,533
691,976	(6,884)	685,092
<u>1,514,143</u>	<u>(2,284)</u>	<u>1,511,859</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
OPERATING REVENUES				
Mortgage and loans revenue	4,348	-	58,556	-
Investment interest	131	5	2,681	107
Net change in the fair value of investments	424	-	(107)	(102)
Net change of hedge termination	-	-	(178)	-
Total Investment Revenue	555	5	2,396	5
Externally funded programs	1,030	57,350	-	10,477
Rental	-	-	-	4,429
Other	4,852	287	-	20
Total Operating Revenues	10,785	57,642	60,952	14,931
OPERATING EXPENSES				
Interest	42	-	37,383	-
Mortgage and loan costs	558	-	4,478	-
Financing expenses	276	-	2,428	-
Provision for loan loss	1,103	-	(7,028)	-
Operations and administration	13,619	5,603	2,205	8,112
Rental housing operating expenses	9	484	-	8,238
Housing grants and subsidies	-	58,576	-	18
Total Operating Expenses	15,607	64,663	39,466	16,368
Operating Income (Loss)	(4,822)	(7,021)	21,486	(1,437)
NONOPERATING EXPENSES, SPECIAL ITEM & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(679)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(17,179)	8,110	4,814	4,255
Change in Net Position	(22,680)	1,089	26,300	2,818
Net position at beginning of year	779,012	16,900	586,258	124,446
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	779,012	16,900	586,258	124,446
Net Position at End of Period	756,332	17,989	612,558	127,264

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total December 31, 2014
62,904	-	62,904
2,924	1	2,925
215	-	215
(178)	-	(178)
2,961	1	2,962
68,857	-	68,857
4,429	11	4,440
5,159	-	5,159
144,310	12	144,322
37,425	-	37,425
5,036	-	5,036
2,704	-	2,704
(5,925)	-	(5,925)
29,539	95	29,634
8,731	2	8,733
58,594	5,491	64,085
136,104	5,588	141,692
8,206	(5,576)	2,630
(679)	-	(679)
-	-	-
-	-	-
7,527	(5,576)	1,951
1,506,616	3,292	1,509,908
-	-	-
1,506,616	3,292	1,509,908
1,514,143	(2,284)	1,511,859

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
Cash flows from operating activities:				
Interest income on mortgages and loans	2,647	-	54,265	-
Principal payments received on mortgages and loans	2,798	-	157,186	-
Purchases of mortgages and loans	(238,221)	-	-	-
Receipt (payment) for loan transfers between funds	131,506	-	(131,506)	-
Mortgage and loan proceeds	213,546	-	-	-
Payment of mortgage and loan proceeds to funds	(210,836)	-	-	-
Payments to employees and other payroll disbursements	(14,034)	(2,343)	-	(4,320)
Payments for goods and services	(8,602)	(1,170)	(400)	(4,777)
Cash received for externally funded programs	1,444	45,201	-	10,145
Cash received for Federal HAP subsidies	-	14,747	-	-
Payments for Federal HAP subsidies	-	(16,740)	-	-
Interfund receipts (payments)	(2,333)	(1,344)	-	(6,350)
Grant payments to other agencies	(6,018)	(42,371)	-	-
Other operating cash receipts	14,428	719	100	4,560
Other operating cash payments	(1,013)	(218)	(228)	(59)
Net cash provided by (used for) operating activities	(114,688)	(3,519)	79,417	(801)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	232,970	-
Principal paid on bonds	-	-	(290,841)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(742)	-	-	-
Interest paid	(46)	-	(41,304)	-
Proceeds from issuance of short term debt	247,964	-	-	-
Payment of short term debt	(296,854)	-	-	-
Contributions to the State of Alaska or other State agencies	(219)	-	-	-
Transfers (to) from other funds	11,684	53	(9,020)	(2,966)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(38,213)	53	(108,195)	(2,966)
Cash flows from capital financing activities:				
Acquisition of capital assets	(1,071)	(27)	-	(120)
Proceeds from the disposal of capital assets	-	-	-	18
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(10,614)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(1,432)	-
Proceeds from direct financing leases	-	-	5,038	-
Other cash payments	(16)	-	-	-
Net cash provided by (used for) capital financing activities	(1,087)	(27)	(7,008)	(102)
Cash flows from investing activities:				
Purchase of investments	(2,440,875)	-	(1,084,734)	(10,935)
Proceeds from maturity of investments	2,595,646	-	1,119,634	10,366
Interest received from investments	172	5	1,141	151
Net cash provided by (used for) investing activities	154,943	5	36,041	(418)
Net Increase (decrease) in cash	955	(3,488)	255	(4,287)
Cash at the beginning of year	41,032	8,394	227	26,086
Cash at the end of period	41,987	4,906	482	21,799
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(4,822)	(7,021)	21,486	(1,437)
<i>Adjustments:</i>				
Depreciation expense	235	7	238	3,300
Provision for loan losses	1,103	-	(7,028)	-
Net change in the fair value of investments	(424)	-	107	102
Transfers between funds for operating activity	(18,325)	8,056	3,506	7,012
Interest received from investments	(172)	(5)	(1,141)	(151)
Interest paid	46	-	42,736	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	(103,917)	-	25,680	-
Net increase (decrease) in assets, liabilities, and deferred resources	11,588	(4,556)	(6,167)	(9,627)
Net cash provided by (used for) operating activities	(114,688)	(3,519)	79,417	(801)
Noncash investing, capital and financing activities:				
Deferred outflow of resources-derivatives	-	-	26,937	-
Derivative instruments liability	-	-	(27,115)	-
Net change of hedge termination	-	-	178	-
Non cash transfer of investments	1,924	-	(1,924)	-
<i>See accompanying notes to the financial statements.</i>				

Exhibit C

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total December 31, 2014
56,912	-	56,912
159,984	-	159,984
(238,221)	-	(238,221)
-	-	-
213,546	-	213,546
(210,836)	-	(210,836)
(20,697)	-	(20,697)
(14,949)	(2)	(14,951)
56,790	-	56,790
14,747	-	14,747
(16,740)	-	(16,740)
(10,027)	10,027	-
(48,389)	(6,644)	(55,033)
19,807	10	19,817
(1,518)	-	(1,518)
<u>(39,591)</u>	<u>3,391</u>	<u>(36,200)</u>
232,970	-	232,970
(290,841)	-	(290,841)
-	-	-
(742)	-	(742)
(41,350)	-	(41,350)
247,964	-	247,964
(296,854)	-	(296,854)
(219)	-	(219)
(249)	249	-
-	-	-
<u>(149,321)</u>	<u>249</u>	<u>(149,072)</u>
(1,218)	-	(1,218)
18	-	18
-	-	-
(10,614)	-	(10,614)
-	-	-
(1,432)	-	(1,432)
5,038	-	5,038
(16)	-	(16)
<u>(8,224)</u>	<u>-</u>	<u>(8,224)</u>
(3,536,544)	-	(3,536,544)
3,725,646	-	3,725,646
1,469	1	1,470
<u>190,571</u>	<u>1</u>	<u>190,572</u>
(6,565)	3,641	(2,924)
75,739	1,287	77,026
<u>69,174</u>	<u>4,928</u>	<u>74,102</u>
8,206	(5,576)	2,630
3,780	-	3,780
(5,925)	-	(5,925)
(215)	-	(215)
249	(249)	-
(1,469)	(1)	(1,470)
42,782	-	42,782
(78,237)	-	(78,237)
(8,762)	9,217	455
<u>(39,591)</u>	<u>3,391</u>	<u>(36,200)</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (the "Corporation"), a public corporation and government instrumentality of the State of Alaska (the "State"), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (the "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 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 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. 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 subsidiaries incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. The subsidiaries are as follows:

- Northern Tobacco Securitization Corporation ("NTSC") incorporated on September 29, 2000, pursuant to House Bill No. 281 of the 2000 Legislature.
- Alaska Housing Capital Corporation ("AHCC") incorporated on May 23, 2006, pursuant to Senate Bill 232 of the 2006 Legislature.
- Alaska Corporation for Affordable Housing ("ACAH") incorporated on February 1, 2012, pursuant to House Bill 119 of the 2011 Legislature.

The subsidiaries issue annual stand-alone audited financial statements. Please contact AHFC to obtain a copy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial reporting entity consists of AHFC and the blended component unit ACAH. The entities are closely related and financially integrated. The board of directors for AHFC and ACAH are the same and both entities have similar mission statements. ACAH is a legally separate entity from AHFC but is considered a blended component unit of AHFC due to AHFC's operational responsibility for ACAH and the potential financial benefit or financial burden between AHFC and ACAH. AHFC is financially accountable for ACAH.

The other subsidiaries of AHFC are not closely related, nor financially integrated with AHFC. There is no financial accountability for the other subsidiaries by AHFC. They are not component units of AHFC, thus not included in these financial statements. Those subsidiaries are component units of the State.

Neither AHFC nor the State is liable for any debt issued by the subsidiaries of AHFC. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

Basis of Accounting

The financial reporting entity utilizes the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles as set forth in GASB's pronouncements.

NOTES TO FINANCIAL STATEMENTS

Basis of Presentation

The financial reporting entity is engaged in business-type activities that utilize enterprise funds. The basic fund financial statements are comprised of: Statement of Net Position (Exhibit A), Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), Cash Flow Statement (Exhibit C) and the accompanying notes. The supplemental section contains combining financial statements by program, purpose, or bond indenture.

The basic financial statements include a Total Funds and Programs column representing an aggregate of AHFC amounts and a Total column for the financial reporting entity, an aggregation of both AHFC and ACAH amounts.

Major Funds and Component Unit

The basic fund financial statements present the major funds of AHFC and the major component unit ACAH.

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

Grant Programs: Resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families, to assist in improving the energy efficiency of Alaska homes, and to provide tenant-based rental assistance programs for families in the private market (administered by the Corporation under contract with HUD).

Mortgage or Bond Funds: Provide resources to assist in the financing of loan programs or to fund Legislature appropriations.

Other Funds or Programs: AHFC owned housing for low income families managed under contract with HUD.

Component unit ACAH: A non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major component unit for the benefit of users of the financial statements.

Restricted Net Position

The restricted net position of the Administrative Fund consists of the Corporation's remaining commitments to the State (refer to Footnote No. 17, 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 position 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.

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. Once monies have been disbursed the mortgage loans are recorded.

NOTES TO FINANCIAL STATEMENTS

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 Owned

Real estate owned consists principally of properties acquired through foreclosure or repossession and is 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

The Corporation issues bonds to provide capital for its mortgage programs and other uses consistent with its mission. The bonds are recorded at cost plus accreted interest and premiums, less discounts. Discounts and premiums are amortized using the straight-line method.

Deferred Debt Refunding Expenses

Deferred debt refunding expenses occur when new debt is issued to replace existing debt. The differences between the carrying value of the old debt and the resources used to redeem it are called deferred debt refunding expenses. The unamortized balances of these expenses are recorded as deferred outflows of resources. These 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 of resources or deferred outflows of resources 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.

New Accounting Pronouncements

The GASB's statement 68, Accounting and Financial Reporting for Pensions, is effective for AHFC's fiscal year 2015. This statement changes how employers measure and report the costs and obligations associated with pensions in their financial statements. The effect from the adoption of the provisions of this statement will be a liability recognized as employees earn their pension benefits. This will be the first time that the Corporation will recognize its proportionate share of the collective pension amounts for all benefits provided through the plan. The pension amounts to be recognized in the financial statements include the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. The Corporation's proportionate share of the collective pension amounts is not available at this time.

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):

	December 31, 2014
Restricted cash	\$ 32,115
Unrestricted	41,987
Carrying amount	<u>\$ 74,102</u>
Bank Balance	<u>\$ 75,031</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)				December 31, 2014
	Less Than 1	1-5	6-10	More Than 10	
Bank investment contracts	\$ 17,430	\$ -	\$ -	\$ -	\$ 17,430
U. S. Treasury securities	1,580	846	-	-	2,426
Securities of U. S. Government agencies and corporations	725	81	37	-	843
Certificates of deposit	-	1,000	-	-	1,000
Negotiable Certificates of Deposit	1,497	-	-	-	1,497
Commercial paper & medium-term notes	128,812	-	-	-	128,812
Money market funds	144,447	-	-	-	144,447
Subtotal	<u>\$ 294,491</u>	<u>\$ 1,927</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>296,455</u>
GeFONSI pool					577,858
Total AHFC Portfolio					<u>\$ 874,313</u>

Restricted Investments

A large portion of the Corporation's investments, \$360,085,000, are restricted by bond resolutions, contractual agreements, and statutory agreements and the remainder, \$514,228,000, is unrestricted.

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):

	December 31, 2014
Ending unrealized holding gain	\$ 25,588
Beginning unrealized holding gain	25,310
Net change in unrealized holding gain	278
Net realized gain (loss)	(63)
Net increase (decrease) in fair value	<u>\$ 215</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 for the Corporation's investment in the GeFONSI pool are not available at this time.

The credit quality ratings of the Corporation's investments as of December 31, 2014, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). The Corporation's investments included \$2,426,000 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.

	S & P	Moody's	Investment Fair Value
Securities of U. S. Government agencies and Corporations:	AA+	Aaa	\$ 843
Certificates of deposit:	A+	Aa2	1,000
Negotiable certificates of deposit:	A+	Aa2	500
	--	Aa2e	498
	--	A1e	499
			<u>1,497</u>
Commercial paper, medium-term notes:	AAA	Aaa	101
	AA+	A1	2,178
	AA	Aa2	1,622
	AA-	Aa2	4,836
	AA-	Aa3	1,469
	A+	Aa2	255
	A+	Aa3	1,251
	A+	A1	3,578
	A+	A2	1,699
	A	A1	2,344
	A	A2	7,923
	A	A3	100
	A	Baa1	2,017
	A-	A2	1,502
	A-	Baa1	1,517
	A-	Baa2	3,021
	BBB+	Baa1	2,266
	BBB+	Baa3	480
	BBB	Baa1	752
	A-1+	P-1	4,500
	A-1	P-1	84,651
	A-1	P-2	750
			<u>128,812</u>
Money market funds:	AAA	--	144,447
Unrated investments:			
Bank investment contracts			17,430
			<u>\$ 294,029</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/pros/investors/fiscal-policies>

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 December 31, 2014, 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	\$ 577,858	66.09 %
Goldman Sachs	145,139	16.60
Toyota Motor Credit	71,497	8.18

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 \$75,031,000 bank balance at December 31, 2014, cash deposits in the amount of \$1,779,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$50,854,000 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 not available at this time.

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 December 31, 2014:

	Investment Fair Value	Modified Duration
Bank investment contracts	\$ 17,430	0.000
U. S. Treasury securities:		
Treasury coupon securities	2,426	0.814
Securities of U. S. Government agencies and corporations:		
Federal agency coupon securities	725	0.232
Federal agency pass through securities	118	1.698
Certificates of deposit	1,000	3.715
Negotiable certificates of deposit	1,497	0.737
Commercial paper & medium-term notes:		
Commercial paper discounts	88,902	0.331
Corporate bonds	101	0.282
Medium-term notes	38,143	0.461
Interest bearing	1,000	0.439
Floating rate notes	666	0.413
Money market funds	144,447	0.000
	<u>\$ 296,455</u>	
Portfolio modified duration		0.045

4 INTERFUND RECEIVABLE/PAYABLE

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

	Due From					Alaska Corporation for Affordable Housing	Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Total		
D							
u							
e							
Administrative Fund	\$ -	\$ 12,713	\$ -	\$ 2,040	\$ 12,590	\$ 27,343	
Grant Programs	-	-	-	-	1,425	1,425	
Mortgage or Bond Programs	35,450	-	-	-	-	35,450	
T							
o							
Other Funds or Programs	-	-	-	-	-	-	
Alaska Corporation for Affordable Housing	-	-	-	1,054	-	1,054	
Total	<u>\$ 35,450</u>	<u>\$ 12,713</u>	<u>\$ -</u>	<u>\$ 3,094</u>	<u>\$ 14,015</u>	<u>\$ 65,272</u>	

The balance of \$35,450,000 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 balances of \$12,713,000 and \$2,040,000 due to the Administrative Fund from the Grant Programs and the Other Funds or Programs respectively resulted primarily from expenditures paid by the Administrative Fund on behalf of those programs, as well as an allocation of management and bookkeeping fees mandated by HUD.

The balance of \$12,590,000 due to the Administrative Fund from ACAH resulted primarily from cash advanced by the Administrative Fund to ACAH.

The balance of 1,054,000 due to ACAH from the Other Funds or Programs resulted primarily from expenditures by ACAH that are to be reimbursed by the Other Funds or Programs.

The balance of \$1,425,000 due to the Grant Programs from ACAH resulted from the reimbursable grant paid by the Grant Programs to ACAH.

NOTES TO FINANCIAL STATEMENTS

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	December 31, 2014
Mortgage loans	\$ 2,275,827
Multifamily loans	314,780
Other notes receivable	95,398
	<u>2,686,005</u>
Less:	
Allowance for losses	(71,672)
Net Mortgage loans, notes and other loans	<u>\$ 2,614,333</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):

	December 31, 2014
<u>Delinquencies and foreclosures:</u>	
Loans delinquent 30 days or more	\$ 105,476
Foreclosures during period	4,906
Loans in foreclosure process	12,850
<u>Mortgage-related commitments:</u>	
To purchase mortgage loans	81,607

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 Building Lease 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 for \$1 in 2017 which is the end of the lease. In May 2005, the Corporation issued the General Housing Purpose Bonds, 2005 Series C, to refund the State Building Lease Bonds, Series 1999, which were originally issued in 1999 to finance the purchase of the office building. The lease of the building to the State has been recorded as a direct financing lease.

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 December 31, 2014, was \$43,996,000. 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 for \$1 in 2027 which is the end of the lease. In September 2007, the Corporation issued the State Capital Project Bonds, 2007 Series 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.

NOTES TO FINANCIAL STATEMENTS

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 December 31	Future Minimum Payments Due		
	Parking Garage	Building	Total
2015	\$ 3,304	\$ 3,467	\$ 6,771
2016	3,304	3,467	6,771
2017	3,304	1,733	5,037
2018	3,304	-	3,304
2019	3,304	-	3,304
Thereafter	26,425	-	26,425
Gross payments due	\$ 42,945	\$ 8,667	\$ 51,612
Less: Unearned revenue	(9,782)	(557)	(10,339)
Net investment in direct financing lease	\$ 33,163	\$ 8,110	\$ 41,273

8 CAPITAL ASSETS

Capital assets activity for the six months ended December 31, 2014, and a summary of balances are shown below (in thousands):

	June 30, 2014	Additions	Reductions	December 31, 2014
Non-Depreciable Capital Assets:				
Land	\$ 19,687	\$ -	\$ -	\$ 19,687
Construction in progress	1,068	334	(251)	1,151
Total Non-Depreciable	20,755	334	(251)	20,838
Depreciable Capital Assets:				
Buildings	238,476	1,156	-	239,632
Computers & Equipment	2,147	48	-	2,195
Vehicles	2,017	148	(70)	2,095
Less: Accumulated depreciation				
Buildings	(139,806)	(3,566)	-	(143,372)
Computers & Equipment	(1,572)	(160)	-	(1,732)
Vehicles	(1,769)	(54)	70	(1,753)
Total Depreciable, Net	99,493	(2,428)	-	97,065
Total Capital Assets, Net	\$ 120,248	\$ (2,094)	\$ (251)	\$ 117,903

The above capital assets include \$4,600,000 of land and land improvements that belong to ACAH.

The depreciation expense charged by the Corporation was \$3,780,000 for the six months ended December 31, 2014. 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 \$3,997,000 at December 31, 2014.

9 DEFERRED OUTFLOWS OF RESOURCES

GASB has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. AHFC's deferred outflows of resources at December 31, 2014, were interest rate swap derivatives of \$164,113,000 and deferred debt refunding expense of \$18,786,000.

10 BONDS PAYABLE

The Corporation's obligations are not a debt of the State, and the State is not directly liable thereon except for the Veterans Mortgage Program Bonds. The Veterans Mortgage Program Bonds are backed by the full faith and credit of the State. In the event that the Corporation cannot make the Veterans Mortgage Program Bond payments, the State will pay the principal and interest payments.

NOTES TO FINANCIAL STATEMENTS

All of the bonds 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 December 31, 2014, there are no draw down bonds outstanding, and the Corporation does not anticipate issuing any additional draw down bonds in the future.

Bonds outstanding are shown below (in thousands):

	Original Amount	December 31, 2014
First-Time Home Buyer Program		
<i>Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 54,690
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	103,670
• 2010 Series A; 1.50% to 4.00%, due 2014-2027 Unamortized discount	43,130	34,030 (170)
• 2010 Series B; 1.50% to 4.625%, due 2014-2040	35,680	32,650
• 2011 Series B; 1.20% to 4.05%, due 2014-2026	71,360	58,130
<i>Mortgage Revenue Bonds, Taxable:</i>		
• 2011 Series A; 2.80% due 2015-2026	28,945	11,690
Total Mortgage Revenue Bonds	372,215	294,690
<i>Home Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2002 Series A; Floating Rate*; 0.04% at December 31, 2014, due 2032, 2036 Unamortized swap termination penalty	170,000	96,465 (6,185)
• 2006 Series A; 4.25% to 5.00%, due 2015-2036 Unamortized premium	98,675	16,155 29
• 2007 Series A; Floating Rate*; 0.14% at December 31, 2014, due 2017-2041	75,000	75,000
• 2007 Series B; Floating Rate*; 0.14% at December 31, 2014, due 2017-2041	75,000	75,000
• 2007 Series D; Floating Rate*; 0.14% at December 31, 2014, due 2017-2041	89,370	89,370
• 2009 Series A; Floating Rate*; 0.04% at December 31, 2014, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*, 0.03% at December 31, 2014, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 0.04% at December 31, 2014, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	750,675	588,464
Veterans Mortgage Program Bonds:		
<i>Collateralized State Guaranteed Bonds, Tax-Exempt:</i>		
• 2006 First Series; 4.05% to 4.90%, due 2015-2037	190,000	48,810
• 2007 & 2008 First Series; 3.75% to 5.25%, due 2015-2038	57,885	16,060
Total Veterans Mortgage Program Bonds	247,885	64,870
Other Housing Bonds:		
<i>Housing Development Bonds, Tax-Exempt:</i>		
• 2004 Series A; 4.80%, due 2024-2026	33,060	50
• 2004 Series B; 4.75%, due 2027-2032	52,025	50
Sub-Total Housing Development Bonds	85,085	100

NOTES TO FINANCIAL STATEMENTS

	Original Amount	December 31, 2014
General Mortgage Revenue Bonds, Tax-Exempt:		
• 2012 Series A; 0.95% to 4.30%, due 2015-2040	145,890	132,825
Unamortized discount		(676)
Unamortized premium		813
Governmental Purpose Bonds, Tax-Exempt:		
• 1997 Series A; Floating Rate*, monthly payments, 0.04% at December 31, 2014, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 0.01% at December 31, 2014, due 2015-2030	76,580	52,295
Unamortized swap termination penalty		(6,321)
• 2001 Series B; Floating Rate*; 0.04% at December 31, 2014, due 2015-2030	93,590	63,905
Total Other Housing Bonds	434,145	257,541
Non-Housing Bonds:		
State Capital Project Bonds, Tax-Exempt:		
• 2002 Series C; Floating Rate*, 0.04% at December 31, 2014, due 2015-2022	60,250	48,255
• 2006 Series A; 3.50% to 5.00%, due 2015-2040	100,890	88,585
Unamortized discount		(1,066)
Unamortized premium		913
• 2007 Series A & B; 4.00% to 5.25%, due 2015-2029	95,525	74,310
Unamortized discount		(42)
Unamortized premium		1,431
• 2011 Series A; 4.25% to 5.00%, due 2015-2027	105,185	77,035
Unamortized discount		(84)
Unamortized premium		1,415
• 2012 Series A; 2.00% to 5.00%, due 2015-2032	99,360	89,345
Unamortized discount		(121)
Unamortized premium		9,803
• 2013 Series A; 4.00% to 5.00%, due 2017-2032	86,765	86,765
Unamortized premium		10,742
• 2014 Series A; 3.00% to 5.00%, due 2016-2033	95,115	95,115
Unamortized discount		(69)
Unamortized premium		8,882
• 2014 Series B; 2.00% to 5.00%, due 2015-2029	29,285	29,285
Unamortized premium		4,429
• 2014 Series D; 2.00% to 5.00%, due 2016-2029	78,105	78,105
Unamortized premium		14,628
State Capital Project Bonds, Taxable:		
• 2013 Series B; Indexed Floating Rate*, monthly payments 0.95% at December 31, 2014, due 2043	50,000	50,000
• 2014 Series C; Indexed Floating Rate*, 0.65% at December 31, 2014, due 2029	140,000	140,000
General Housing Purpose Bonds, Tax-Exempt:		
• 2005 Series B; 4.00% to 5.25%, due 2015-2030	147,610	112,210
Unamortized premium		2,241
• 2005 Series C; 5.00%, due 2015-2017	16,885	8,110
Total Non-Housing Bonds	1,104,975	1,030,222
Total Bonds Payable	\$ 2,909,895	\$ 2,235,787

Note: Debt service payments on the above mentioned bonds 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 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 redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt are classified as a deferred outflow of resources 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 the outstanding amount falls below 15% of the total issuance.

During the six months ended December 31, 2014, the Corporation made \$43,855,000 special revenue redemptions and \$100,000,000 current refundings.

Debt Service Requirements**

For all bonds in the preceding schedules, the Corporation's debt service requirements through 2019 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months Ending December 31	Total Debt Service		
	Principal	Interest*	Total
2015	\$ 45,790	\$ 81,262	\$ 127,052
2016	52,255	79,367	131,622
2017	63,070	77,271	140,341
2018	61,395	74,871	136,266
2019	67,140	72,378	139,518
2020-2024	453,180	305,101	758,281
2025-2029	631,845	206,739	838,584
2030-2034	369,450	111,744	481,194
2035-2039	319,295	46,974	366,269
2040-2043	131,775	4,687	136,462
	<u>\$ 2,195,195</u>	<u>\$ 1,060,394</u>	<u>\$ 3,255,589</u>

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at December 31, 2014

** Also see Note 11 – 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. The Corporation has made commitments to issue up to \$5,000,000 of Revenue Bonds 2014 (Eklutna Estates II Senior Housing Projects) and up to \$14,682,018 of Tax Exempt Direct Purchase Bonds (ANC MV Phase I Limited Partnership Project), Series 2014. As of December 31, 2014, the outstanding bonds were \$1,119,280 and \$100,002 respectively.

11 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 Position, 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 risks, position size, transaction and financing costs, and the use of capital profit. The fair value represents the current price to settle swap assets or liabilities in the marketplace if a swap were to be terminated.

NOTES TO FINANCIAL STATEMENTS

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 December 31, 2014, 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 December 31, 2014, 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/A2
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	A+/Aa3
E021A1 ²	10/09/08	2.9800	70% of 3M LIBOR ⁵	06/01/32	AAA/Aa2
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	A+/Aa3
SC02C ³	12/05/02	4.3030	SIFMA ⁶ +0.115%	07/01/22	A+/Aa3
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AAA/Aa2
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	A+/Aa3
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	A/A2
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AAA/Aa2
E091ABD	05/28/09	3.7400	70% of 3M LIBOR	12/01/40	A+/Aa3

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

The change in fair value and ending balance of the hedging derivatives as of December 31, 2014, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			December 31, 2014	June 30, 2014	
GP01A	\$ 52,295	\$ 56,590	\$ (4,295)	\$ (3,353)	\$ (942)
GP01B	63,905	77,816	(13,911)	(13,103)	(808)
E021A1	41,230	46,339	(5,109)	(4,195)	(914)
E021A2	55,235	58,363	(3,128)	(4,091)	963
SC02C	48,255	53,749	(5,494)	(5,981)	487
E071AB	143,622	182,547	(38,925)	(31,412)	(7,513)
E071BD	95,748	121,361	(25,613)	(20,577)	(5,036)
E091A	72,789	93,257	(20,468)	(16,520)	(3,948)
E091B	72,789	93,193	(20,404)	(16,461)	(3,943)
E091ABD	97,052	123,818	(26,766)	(21,483)	(5,283)
Total	\$ 742,920	\$ 907,033	\$ (164,113)	\$ (137,176)	\$ (26,937)

As of December 31, 2014, 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
2015	\$ 6,450	\$ 256	\$ 12,985	\$ 19,691
2016	13,325	509	25,622	39,456
2017	16,325	505	25,141	41,971
2018	19,585	495	25,141	45,221
2019	20,475	482	23,801	44,758
2020-2024	140,590	2,185	105,165	247,940
2025-2029	153,415	1,754	80,305	235,474
2030-2034	152,120	1,245	53,180	206,545
2035-2039	154,585	672	26,828	182,085
2040-2043	66,050	94	3,095	69,239
	\$ 742,920	\$ 8,197	\$ 381,263	\$ 1,132,380

NOTES TO FINANCIAL STATEMENTS

Credit Risk

As of December 31, 2014, 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 34.7% of the total notional amount of the swaps is held with one counterparty rated "AAA/Aa2". Another 32.5% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa3". Of the remaining swaps, another counterparty is also rated "A+/Aa3", another counterparty is rated "A/A2", and the remaining counterparty is also rated "A/A2", approximating 16%, 9.8%, and 7% respectively, of the total notional amount of the swaps.

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.

Basis Risk

All of the Corporation's variable-rate bond interest payments related to interest rate swaps 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 December 31, 2014, SIFMA was 0.04% and 1-month LIBOR was 0.1695%, resulting in a SIFMA/LIBOR ratio of 23.6%. The 3-month LIBOR was 0.2546%, resulting in a SIFMA/LIBOR ratio of 15.7%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

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. An additional payment of \$150,000 was made to a former counterparty in fiscal year 2013 as settlement of any and all claims relating to that counterparty's swap termination. This payment was expensed as insurance and financing expense in fiscal year 2013.

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 Home Mortgage Revenue Bonds, 2002 Series A 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 Governmental Purpose Bonds, 2001 Series A and B 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.

NOTES TO FINANCIAL STATEMENTS

Investment Derivative

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 derivative as of December 31, 2014, is 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+/Aa3

The change in fair value of the investment derivatives as of December 31, 2014, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			December 31, 2014	June 30, 2014	
SC02B	\$ 14,555	\$ 17,261	\$ (2,706)	\$ (2,528)	\$ (178)

Credit Risk

As of December 31, 2014, 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+/Aa3".

12 LONG TERM LIABILITIES

The activity for the six months ended December 31, 2014, is summarized in the following schedule (in thousands):

	June 30, 2014	Additions	Reductions	December 31, 2014	Due Within One Year
Total bonds and notes payable	\$ 2,308,710	\$ 232,970	\$ (305,893)	\$ 2,235,787	\$ 45,790
Compensated absences	5,285	1,159	(1,654)	4,790	2,064
Other liabilities	837	-	(47)	790	-
Total long-term liabilities	\$ 2,314,832	\$ 234,129	\$ (307,594)	\$ 2,241,367	\$ 47,854

13 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is \$150,000,000. The lowest yield during the six months ended December 31, 2014, was 0.13% and the highest was 0.16%.

Short term debt activity for the six months ended December 31, 2014, is summarized in the following schedule (in thousands):

	June 30, 2014	Additions	Reductions	December 31, 2014
Commercial paper	\$ 65,000	\$ 248,000	\$ (296,900)	\$ 16,100
Unamortized discount	(7)	(40)	46	(1)
Commercial paper, net	\$ 64,993	\$ 247,960	\$ (296,854)	\$ 16,099

NOTES TO FINANCIAL STATEMENTS

14 TRANSFERS

Transfers for the six months ended December 31, 2014, are summarized in the following schedule (in thousands):

		Due From					Total
		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	
D	Administrative Fund	\$ -	\$ 86,220	\$ 200,342	\$ 7,817	\$ 249	\$ 294,628
u	Grant Programs	94,349	-	-	-	-	94,349
e	Mortgage or Bond Programs	205,156	-	231,452	-	-	436,608
	Other Funds or Programs	12,053	19	-	-	-	12,072
T	Alaska Corporation for						
o	Affordable Housing	249	-	-	-	-	249
	Total	\$ 311,807	\$ 86,239	\$ 431,794	\$ 7,817	\$ 249	\$ 837,906

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 Grant Programs, the Mortgage or Bond Programs, and the Other Funds or Programs by the Administrative Fund,
- (4) move cash and mortgages between various Mortgage or Bond Programs,
- (5) record any unreimbursable expenditures paid by the Administrative Fund on behalf of ACAH and cash transferred between the Administrative Fund and ACAH..

15 OTHER CREDIT ARRANGEMENTS

The Corporation currently has outstanding certain debt obligations with respect to which it has entered into standby bond purchase agreements to provide liquidity in the event of unremarketed tenders and/or bond insurance contracts to guarantee the payment of debt service. At December 31, 2014, the Corporation had unused standby bond purchase agreements of \$497,585,000 and bond insurance of \$299,470,000.

16 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue 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 mortgage revenue 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. The amount of excess earning arbitrage expensed for the six months ended December 31, 2014 was (\$47,000). No arbitrage was paid for the six months ended December 31, 2014.

17 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.

NOTES TO FINANCIAL STATEMENTS

"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". Following are the details of AHFC's dividend to the State as of December 31, 2014, (in thousands):

	Dividend Due		Remaining
	to State	Expenditures	Commitments
State General Fund Transfers	\$ 788,921	\$ (788,921)	\$ -
State Capital Projects Debt Service	412,071	(410,433)	1,638
State of Alaska Capital Projects	253,761	(246,031)	7,730
AHFC Capital Projects	457,420	(428,756)	28,664
Total	\$ 1,912,173	\$ (1,874,141)	\$ 38,032

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.

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, \$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 the adjusted change in net position 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.

NOTES TO FINANCIAL STATEMENTS

18 HOUSING GRANTS AND SUBSIDIES EXPENSES

The grant programs are funded from HUD, federal, State and Corporate proceeds. The Corporation paid grants to third parties for the following programs (in thousands):

	December 31, 2014
▪ Affordable Housing Development Program	\$ 5,491
▪ Beneficiaries and Special Needs Housing	277
▪ Continuum of Care Homeless Assistance	1,040
▪ Domestic Violence	801
▪ Drug Elimination	14
▪ Emergency Shelter Grant (ESG)	84
▪ Energy Efficiency Monitoring Research	219
▪ Energy Efficient Home Program	9,024
▪ HOME Investment Partnership	2,988
▪ Homeless Assistance Program	2,572
▪ Housing Choice Vouchers	14,558
▪ Housing Loan Program	1,284
▪ Housing Opportunities for Persons with AIDS	262
▪ Low Income Weatherization Assistance	17,796
▪ Neighborhood Stabilization Program (NSP)	46
▪ Non-Elderly Disabled (NED)	137
▪ Parolees (TBRA)	216
▪ Section 8 Rehabilitaton	215
▪ Senior Citizen Housing Development Grant	2,161
▪ Supplemental Housing Grant	4,092
▪ Technical Assistance Grant	2
▪ Veterans Affairs Supportive Housing	699
▪ Youth (TBRA)	89
▪ Utility Allowance Payments for Low Rent	18
Total Housing Grants and Subsidies Expenses	<u><u>\$ 64,085</u></u>

In addition to grant payments made, the Corporation has advanced grant funds of \$9,167,000 and committed to third parties a sum of \$91,670,000 in grant awards at December 31, 2014.

19 OTHER FUNDS OR PROGRAMS

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

Other Funds and 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

Market Rate Rental Housing Programs consist of Corporate owned low-income housing facilities at various locations.

- Project Based Section 8
- Market Rate Rental

Home Ownership Fund includes the following program that provided assistance to borrowers for monthly mortgage payments. This fund is maintained due to statutory requirements. No borrowers are currently receiving assistance:

- Homeowner Assistance Program

20 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, 2012, 2013 and 2014 Legislatures authorized additional funding for the Weatherization program of \$62,500,000, \$30,000,000, \$30,000,000, and \$27,500,000, respectively, and for the Energy Rebate Program of \$37,500,000, \$20,000,000, \$20,000,000 and \$15,000,000, respectively.

NOTES TO FINANCIAL STATEMENTS

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 December 31, 2014, the Corporation had outstanding commitments of \$30,800,000 and had paid out \$181,789,000 in the rebate program to homeowners since the inception of the program. The \$30,800,000 commitment amount represents the maximum amount each homeowner could be reimbursed, not necessarily the actual amount of each homeowner's reimbursement.

21 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Plan Description

As of December 31, 2014, 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.

PERS is administered by the State. 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. 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.

NOTES TO FINANCIAL STATEMENTS

Funding Policy

Defined Benefit Plans:

Under State law, covered employees are required to contribute 6¾% 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 2015, 12.54% of covered salary is for the pension plan and 9.46% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 44.03% for the fiscal year 2015 and the employer rate of 22% will be funded by the State. For the fiscal year 2015 the State is contributing 42.41%. This is more than the difference between the actuarial rate and the employer rate. This reflects the additional \$1,000,000,000 contribution to the pension plan required by SB 119.

The State contribution to the pension plan for the Corporation for the six months ended December 31, 2014, was \$3,537,000.

The Corporation's contributions to the pension plan for the six months ended December 31, 2014, totaled \$1,046,000 and for the years ended June 30, 2014, and June 30, 2013, totaled \$1,829,000 and \$1,723,000, respectively.

The Corporation's contributions to the post employment healthcare plan for the six months ended December 31, 2014, totaled \$789,000 and for the years ended June 30, 2014, and June 30, 2013, totaled \$1,953,000 and \$2,197,000, respectively.

Defined Contribution Plans:

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2015, the Corporation is required to contribute 5.22% 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 2015, the Corporation is required to contribute 1.66% of the annual covered salary plus an annual flat dollar amount of \$1,960.53 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 six months ended December 31, 2014, the Corporation paid additional contributions of \$302,000. These contributions equal \$172,000 for pension and 130,000 for post-employment healthcare plans.

The contributions to the pension plan for the six months ended December 31, 2014, by the employees totaled \$205,000 and by the Corporation totaled \$134,000.

The Corporation contributed \$127,000 to a health reimbursement arrangement for the six months ended December 31, 2014.

22 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 \$1,741,000 as of December 31, 2014.

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.

NOTES TO FINANCIAL STATEMENTS

23 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

24 FIVE YEAR FINANCIAL INFORMATION

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

	June 30,				
	2014	2013	2012	2011	2010
Assets					
Cash	\$ 77,026	\$ 59,207	\$ 64,631	\$ 73,411	\$ 59,218
Investments	1,063,200	1,218,693	1,231,890	1,362,107	1,389,605
Accrued interest receivable	12,357	11,559	12,423	13,305	14,647
Mortgage loans, notes and other loans	2,536,596	2,305,667	2,525,004	2,759,511	2,971,253
Net investment in direct financing lease	44,664	48,777	53,192	57,476	61,222
Unamortized bond issuance costs	-	10,855	14,110	16,880	19,751
Capital assets, net	120,248	125,483	125,366	121,968	112,759
Other assets	44,533	64,919	46,275	36,446	40,463
Derivative instrument - interest rate swaps	-	-	-	-	-
Total Assets	3,898,624	3,845,160	4,072,891	4,441,104	4,668,918
Deferred Outflow of Resources					
	156,579	136,070	215,757	100,936	127,899
Liabilities					
Bonds and notes payable	2,308,710	2,257,875	2,407,864	2,721,113	2,832,647
Short term debt	64,993	28,388	68,685	86,976	149,890
Accrued interest payable	10,147	9,947	11,323	12,688	12,770
Other liabilities	21,079	20,857	27,153	24,549	47,252
Derivative instrument - interest rate swaps	140,366	138,635	219,480	102,895	130,267
Total Liabilities	2,545,295	2,455,702	2,734,505	2,948,221	3,172,826
Deferred Inflow of Resources					
	-	-	-	-	-
Total Net Position	\$ 1,509,908	\$ 1,525,528	* \$ 1,554,143	\$ 1,593,819	\$ 1,623,991
Operating Revenues					
Mortgage and loans revenue	\$ 120,740	\$ 125,059	\$ 147,078	\$ 164,242	\$ 177,855
Investment interest	6,532	6,385	6,793	8,454	11,605
Net change in fair value of investments	2,450	1,545	7,667	7,766	6,317
Net change of hedge termination	37	1,158	(1,765)	410	(794)
Total Investment Revenue	9,019	9,088	12,695	16,630	17,128
Externally funded programs	163,739	168,152	179,704	194,411	191,968
Rental	8,951	8,701	8,554	7,996	8,697
Other	5,637	4,325	3,147	2,416	1,610
Total Operating Revenues	308,086	315,325	351,178	385,695	397,258
Operating Expenses					
Interest	81,184	94,409	111,558	122,138	130,789
Mortgage and loan costs	9,442	10,098	11,131	11,587	12,709
Operations and administration	58,771	56,663	57,126	54,100	49,678
Financing expenses	4,415	12,419	7,807	8,692	7,456
Provision for loan loss	(5,688)	(4,753)	(1,542)	(6,673)	515
Housing grants and subsidies	149,188	150,460	179,194	196,168	194,883
Rental housing operating expenses	14,159	13,924	16,373	12,594	11,002
Total Operating Expenses	311,471	333,220	381,647	398,606	407,032
Operating Income (Loss)	(3,385)	(17,895)	(30,469)	(12,911)	(9,774)
Non-Operating & Special Item					
Contribution to State or State agency	(1,380)	(10,720)	(9,207)	(20,349)	(36,772)
Special item	-	-	-	3,088	-
Change in Net Position	\$ (4,765)	\$ (28,615)	\$ (39,676)	\$ (30,172)	\$ (46,546)

*Does not reflect the FY14 cumulative effect of accounting change.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of December 31, 2014

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
ASSETS				
Cash	41,987	176	207	-
Investments	563,804	30,926	53,366	9,685
Accrued interest receivable	2,204	938	2,898	491
Inter-fund due to/from	(8,107)	4,245	11,749	2,447
Mortgage loans, notes and other loans	183,772	311,277	772,745	85,092
Net investment in direct financing lease	-	-	-	-
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	4,557	-	-	-
Other assets	7,065	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	121	-	-	-
Total Assets	795,542	347,562	840,965	97,715
DEFERRED OUTFLOW OF RESOURCES	-	-	148,784	-
LIABILITIES				
Bonds payable	-	294,690	588,464	64,870
Short term debt	16,099	-	-	-
Accrued interest payable	2,103	726	1,858	261
Other liabilities	8,796	87	281	36
Derivative instrument - interest rate swaps	-	-	140,413	-
Intergovernmental payable	617	-	-	-
Total Liabilities	27,615	295,503	731,016	65,167
DEFERRED INFLOW OF RESOURCES	-	-	-	-
NET POSITION				
Net investment in capital assets	4,696	-	-	-
Restricted by bond resolutions	-	52,059	258,733	32,548
Restricted by contractual or statutory agreements	62,677	-	-	-
Unrestricted or (deficit)	700,554	-	-	-
Total Net Position	767,927	52,059	258,733	32,548

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
-	99	31,633	74,102
75,244	141,288	-	874,313
1,566	3,939	-	12,036
6,074	10,935	(27,343)	-
437,420	824,027	-	2,614,333
-	41,273	-	41,273
-	2,400	18,299	20,838
-	10,064	82,444	97,065
-	-	13,407	20,472
-	-	-	-
-	-	15,406	15,527
520,304	1,034,025	133,846	3,769,959
19,540	14,575	-	182,899
257,541	1,030,222	-	2,235,787
-	-	-	16,099
703	3,092	-	8,743
571	592	2,472	12,835
18,206	8,200	-	166,819
-	99	-	716
277,021	1,042,205	2,472	2,440,999
-	-	-	-
-	12,464	100,743	117,903
233,991	-	-	577,331
28,832	-	40,024	131,533
-	(6,069)	(9,393)	685,092
262,823	6,395	131,374	1,511,859

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ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

REVOLVING FUNDS

As of December 31, 2014

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
ASSETS			
Cash	41,987	-	41,987
Investments	552,259	11,545	563,804
Accrued interest receivable	2,154	50	2,204
Inter-fund due to/from	(8,107)	-	(8,107)
Mortgage loans, notes and other loans	183,772	-	183,772
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	4,557	-	4,557
Other assets	7,065	-	7,065
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	121	-	121
Total Assets	783,947	11,595	795,542
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Bonds payable	-	-	-
Short term debt	16,099	-	16,099
Accrued interest payable	2,103	-	2,103
Other liabilities	8,796	-	8,796
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	617	-	617
Total Liabilities	27,615	-	27,615
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	4,696	-	4,696
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	51,082	11,595	62,677
Unrestricted or (deficit)	700,554	-	700,554
Total Net Position	756,332	11,595	767,927

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ALASKA HOUSING FINANCE CORPORATION

Schedule 3

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of December 31, 2014

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
ASSETS			
Cash	176	-	176
Investments	14,338	16,588	30,926
Accrued interest receivable	364	574	938
Inter-fund due to/from	1,448	2,797	4,245
Mortgage loans, notes and other loans	114,643	196,634	311,277
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
Total Assets	130,969	216,593	347,562
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Bonds payable	121,200	173,490	294,690
Short term debt	-	-	-
Accrued interest payable	347	379	726
Other liabilities	33	54	87
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Total Liabilities	121,580	173,923	295,503
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	9,389	42,670	52,059
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	9,389	42,670	52,059

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of December 31, 2014

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2007 A	Bonds 2007 B
ASSETS				
Cash	-	-	-	207
Investments	8,157	1,073	6,323	5,692
Accrued interest receivable	525	91	270	367
Inter-fund due to/from	2,167	272	1,251	1,483
Mortgage loans, notes and other loans	122,185	20,574	81,673	82,005
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	133,034	22,010	89,517	89,754
DEFERRED OUTFLOW OF RESOURCES				
	8,237	-	21,832	21,809
LIABILITIES				
Bonds payable	90,280	16,184	75,000	75,000
Short term debt	-	-	-	-
Accrued interest payable	258	62	242	242
Other liabilities	45	7	24	43
Derivative instrument - interest rate swaps	8,238	-	20,327	20,304
Intergovernmental payable	-	-	-	-
Total Liabilities	98,821	16,253	95,593	95,589
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	42,450	5,757	15,756	15,974
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	42,450	5,757	15,756	15,974

Schedule 4

Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
-	-	-	-	207
6,496	8,432	7,690	9,503	53,366
419	350	374	502	2,898
1,937	1,718	1,773	1,148	11,749
105,165	113,216	122,631	125,296	772,745
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
114,017	123,716	132,468	136,449	840,965
25,751	23,887	23,822	23,446	148,784
89,370	80,880	80,880	80,870	588,464
-	-	-	-	-
288	230	230	306	1,858
51	28	30	53	281
23,906	22,700	22,635	22,303	140,413
-	-	-	-	-
113,615	103,838	103,775	103,532	731,016
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
26,153	43,765	52,515	56,363	258,733
-	-	-	-	-
-	-	-	-	-
26,153	43,765	52,515	56,363	258,733

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ALASKA HOUSING FINANCE CORPORATION

Schedule 5

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of December 31, 2014

(in thousands of dollars)

	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
ASSETS			
Cash	-	-	-
Investments	7,613	2,072	9,685
Accrued interest receivable	381	110	491
Inter-fund due to/from	1,716	731	2,447
Mortgage loans, notes and other loans	65,844	19,248	85,092
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
Total Assets	75,554	22,161	97,715
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Bonds payable	48,810	16,060	64,870
Short term debt	-	-	-
Accrued interest payable	193	68	261
Other liabilities	28	8	36
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Total Liabilities	49,031	16,136	65,167
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	26,523	6,025	32,548
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	26,523	6,025	32,548

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER HOUSING BONDS

As of December 31, 2014

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds II 2012 A & B	Governmental Purpose Bonds 1997 A
ASSETS				
Cash	-	-	-	-
Investments	23,496	214	13,602	9,019
Accrued interest receivable	161	133	440	100
Inter-fund due to/from	261	904	2,300	-
Mortgage loans, notes and other loans	4,915	27,028	190,053	13,029
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	28,833	28,279	206,395	22,148
DEFERRED OUTFLOW OF RESOURCES				
	-	-	1,334	-
LIABILITIES				
Bonds payable	-	100	132,962	14,600
Short term debt	-	-	-	-
Accrued interest payable	-	-	384	-
Other liabilities	1	2	40	3
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Total Liabilities	1	102	133,386	14,603
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	-	28,177	74,343	7,545
Restricted by contractual or statutory agreements	28,832	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	28,832	28,177	74,343	7,545

Schedule 6

Governmental Purpose Bonds 2001 A-D	Combined Total
-	-
28,913	75,244
732	1,566
2,609	6,074
202,395	437,420
-	-
-	-
-	-
-	-
-	-
234,649	520,304
18,206	19,540
109,879	257,541
-	-
319	703
525	571
18,206	18,206
-	-
128,929	277,021
-	-
-	-
123,926	233,991
-	28,832
-	-
123,926	262,823

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

NON-HOUSING BONDS

As of December 31, 2014

(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
ASSETS				
Cash	-	-	66	-
Investments	3,996	171	194	2
Accrued interest receivable	226	380	236	313
Inter-fund due to/from	708	1,438	644	1,276
Mortgage loans, notes and other loans	48,950	89,120	46,816	76,932
Net investment in direct financing lease	-	-	33,163	-
Capital assets - non-depreciable	-	-	-	2,400
Capital assets - depreciable, net	-	-	-	10,064
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	53,880	91,109	81,119	90,987
DEFERRED OUTFLOW OF RESOURCES				
	5,494	-	2,131	-
LIABILITIES				
Bonds payable	48,255	88,432	75,699	78,366
Short term debt	-	-	-	-
Accrued interest payable	10	332	300	317
Other liabilities	46	28	21	24
Derivative instrument - interest rate swaps	8,200	-	-	-
Intergovernmental payable	-	-	66	-
Total Liabilities	56,511	88,792	76,086	78,707
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	12,464
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	2,863	2,317	7,164	(184)
Total Net Position	2,863	2,317	7,164	12,280

Schedule 7

State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	-	-	-	-	-	-	33	99
172	26	91	57	40,038	92,970	-	3,571	141,288
388	720	823	125	272	-	-	456	3,939
1,113	1,154	1,379	504	776	-	-	1,943	10,935
89,626	136,360	95,389	31,819	98,425	-	-	110,590	824,027
-	-	-	-	-	-	-	8,110	41,273
-	-	-	-	-	-	-	-	2,400
-	-	-	-	-	-	-	-	10,064
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
91,299	138,260	97,682	32,505	139,511	92,970	-	124,703	1,034,025
-	-	-	-	-	-	-	6,950	14,575
99,027	147,507	103,928	33,714	140,000	92,733	-	122,561	1,030,222
-	-	-	-	-	-	-	-	-
332	375	383	120	80	325	-	518	3,092
18	18	24	11	24	3	-	375	592
-	-	-	-	-	-	-	-	8,200
-	-	-	-	-	-	-	33	99
99,377	147,900	104,335	33,845	140,104	93,061	-	123,487	1,042,205
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	12,464
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(8,078)	(9,640)	(6,653)	(1,340)	(593)	(91)	-	8,166	(6,069)
(8,078)	(9,640)	(6,653)	(1,340)	(593)	(91)	-	8,166	6,395

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of December 31, 2014

(in thousands of dollars)

	Energy Programs	Low Rent Program	Market Rate Rental Housing Programs	Section 8 Vouchers Programs
ASSETS				
Cash	1,258	11,156	10,643	3,645
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(8,086)	(1,879)	(1,215)	(2,097)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	12,567	1,132	-
Capital assets - depreciable, net	-	62,829	19,569	46
Other assets	4,055	2,135	159	262
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	9,083	204	-	96
Total Assets	6,310	87,012	30,288	1,952
DEFERRED OUTFLOW OF RESOURCES				
	-	-	-	-
LIABILITIES				
Bonds payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	717	1,375	256	123
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Total Liabilities	717	1,375	256	123
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	75,396	20,701	46
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	7,222	10,841	9,335	2,034
Unrestricted or (deficit)	(1,629)	(600)	(4)	(251)
Total Net Position	5,593	85,637	30,032	1,829

Schedule 8

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
3	4,928	31,633
-	-	-
-	-	-
(1,105)	(12,961)	(27,343)
-	-	-
-	-	-
-	4,600	18,299
-	-	82,444
5,646	1,150	13,407
-	-	-
6,023	-	15,406
10,567	(2,283)	133,846
-	-	-
-	-	-
-	-	-
-	1	2,472
-	-	-
-	-	-
-	1	2,472
-	-	-
-	-	-
-	4,600	100,743
-	-	-
10,592	-	40,024
(25)	(6,884)	(9,393)
10,567	(2,284)	131,374

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED - ALL FUNDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
OPERATING REVENUES				
Mortgage and loans revenue	4,348	6,758	18,132	2,561
Investment interest	237	56	96	16
Net change in the fair value of investments	322	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	559	56	96	16
Externally funded program	1,030	-	-	-
Rental	-	-	-	-
Other	4,852	-	-	-
Total Operating Revenues	10,789	6,814	18,228	2,577
OPERATING EXPENSES				
Interest	42	4,491	12,420	1,636
Mortgage and loan costs	558	631	1,528	200
Financing expenses	276	13	1,611	3
Provision for loan loss	1,103	(876)	(1,225)	(362)
Operations and administration	13,619	246	608	70
Rental housing operating expenses	9	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	15,607	4,505	14,942	1,547
Operating Income (Loss)	(4,818)	2,309	3,286	1,030
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(679)	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(17,143)	259	1,076	72
Change in Net Position	(22,640)	2,568	4,362	1,102
Net position at beginning of year	790,567	49,491	254,371	31,446
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	790,567	49,491	254,371	31,446
Net Position at End of Period	767,927	52,059	258,733	32,548

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
9,778	21,327	-	62,904
799	1,714	7	2,925
(291)	184	-	215
-	(178)	-	(178)
508	1,720	7	2,962
-	-	67,827	68,857
-	-	4,440	4,440
-	-	307	5,159
10,286	23,047	72,581	144,322
4,425	14,411	-	37,425
771	1,348	-	5,036
80	721	-	2,704
(662)	(3,903)	-	(5,925)
343	938	13,810	29,634
-	-	8,724	8,733
-	-	64,085	64,085
4,957	13,515	86,619	141,692
5,329	9,532	(14,038)	2,630
-	-	-	(679)
-	-	-	-
(3,997)	7,404	12,329	-
1,332	16,936	(1,709)	1,951
261,491	(10,541)	133,083	1,509,908
-	-	-	-
261,491	(10,541)	133,083	1,509,908
262,823	6,395	131,374	1,511,859

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ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

REVOLVING FUNDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	4,348	-	4,348
Investment interest	131	106	237
Net change in the fair value of investments	424	(102)	322
Net change of hedge termination	-	-	-
Total Investment Revenue	555	4	559
Externally funded program	1,030	-	1,030
Rental	-	-	-
Other	4,852	-	4,852
Total Operating Revenues	10,785	4	10,789
OPERATING EXPENSES			
Interest	42	-	42
Mortgage and loan costs	558	-	558
Financing expenses	276	-	276
Provision for loan loss	1,103	-	1,103
Operations and administration	13,619	-	13,619
Rental housing operating expenses	9	-	9
Housing grants and subsidies	-	-	-
Total Operating Expenses	15,607	-	15,607
Operating Income (Loss)	(4,822)	4	(4,818)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	(679)	-	(679)
Special Items	-	-	-
Transfers - Internal	(17,179)	36	(17,143)
Change in Net Position	(22,680)	40	(22,640)
Net position at beginning of year	779,012	11,555	790,567
Cumulative effect of accounting change	-	-	-
Revised net position at beginning of year	779,012	11,555	790,567
Net Position at End of Period	756,332	11,595	767,927

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ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	2,724	4,034	6,758
Investment interest	24	32	56
Net change in the fair value of investments	-	-	-
Net change of hedge termination	-	-	-
Total Investment Revenue	24	32	56
Externally funded program	-	-	-
Rental	-	-	-
Other	-	-	-
Total Operating Revenues	2,748	4,066	6,814
OPERATING EXPENSES			
Interest	2,137	2,354	4,491
Mortgage and loan costs	246	385	631
Financing expenses	5	8	13
Provision for loan loss	(366)	(510)	(876)
Operations and administration	92	154	246
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
Total Operating Expenses	2,114	2,391	4,505
Operating Income (Loss)	634	1,675	2,309
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Items	-	-	-
Transfers - Internal	96	163	259
Change in Net Position	730	1,838	2,568
Net position at beginning of year	8,659	40,832	49,491
Cumulative effect of accounting change	-	-	-
Revised net position at beginning of year	8,659	40,832	49,491
Net Position at End of Period	9,389	42,670	52,059

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2007 A	Bonds 2007 B
OPERATING REVENUES				
Mortgage and loans revenue	3,527	595	1,969	2,031
Investment interest	13	4	10	12
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	13	4	10	12
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	3,540	599	1,979	2,043
OPERATING EXPENSES				
Interest	2,919	412	1,435	1,436
Mortgage and loan costs	317	42	174	171
Financing expenses	726	4	70	81
Provision for loan loss	(270)	(86)	(116)	(94)
Operations and administration	97	16	64	64
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	3,789	388	1,627	1,658
Operating Income (Loss)	(249)	211	352	385
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(184)	20	61	156
Change in Net Position	(433)	231	413	541
Net position at beginning of year	42,883	5,526	15,343	15,433
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	42,883	5,526	15,343	15,433
Net Position at End of Period	42,450	5,757	15,756	15,974

Schedule 12

Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
2,564	2,249	2,432	2,765	18,132
14	13	14	16	96
-	-	-	-	-
14	13	14	16	96
-	-	-	-	-
-	-	-	-	-
2,578	2,262	2,446	2,781	18,228
1,716	1,500	1,499	1,503	12,420
217	183	197	227	1,528
100	387	66	177	1,611
(171)	(116)	(123)	(249)	(1,225)
83	89	96	99	608
-	-	-	-	-
-	-	-	-	-
1,945	2,043	1,735	1,757	14,942
633	219	711	1,024	3,286
-	-	-	-	-
-	-	-	-	-
206	189	198	430	1,076
839	408	909	1,454	4,362
25,314	43,357	51,606	54,909	254,371
-	-	-	-	-
25,314	43,357	51,606	54,909	254,371
26,153	43,765	52,515	56,363	258,733

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ALASKA HOUSING FINANCE CORPORATION

Schedule 13

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	1,959	602	2,561
Investment interest	12	4	16
Net change in the fair value of investments	-	-	-
Net change of hedge termination	-	-	-
Total Investment Revenue	12	4	16
Externally funded program	-	-	-
Rental	-	-	-
Other	-	-	-
Total Operating Revenues	1,971	606	2,577
OPERATING EXPENSES			
Interest	1,215	421	1,636
Mortgage and loan costs	153	47	200
Financing expenses	2	1	3
Provision for loan loss	(281)	(81)	(362)
Operations and administration	54	16	70
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
Total Operating Expenses	1,143	404	1,547
Operating Income (Loss)	828	202	1,030
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Items	-	-	-
Transfers - Internal	56	16	72
Change in Net Position	884	218	1,102
Net position at beginning of year	25,639	5,807	31,446
Cumulative effect of accounting change	-	-	-
Revised net position at beginning of year	25,639	5,807	31,446
Net Position at End of Period	26,523	6,025	32,548

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER HOUSING BONDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds II 2012 A & B	Governmental Purpose Bonds 1997 A
OPERATING REVENUES				
Mortgage and loans revenue	195	783	3,842	120
Investment interest	297	5	23	9
Net change in the fair value of investments	(291)	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	6	5	23	9
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	201	788	3,865	129
OPERATING EXPENSES				
Interest	-	2	2,262	3
Mortgage and loan costs	9	13	322	-
Financing expenses	-	-	21	27
Provision for loan loss	(28)	(93)	(284)	-
Operations and administration	4	21	149	10
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	(15)	(57)	2,470	40
Operating Income (Loss)	216	845	1,395	89
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	4	(789)	(3,235)	34
Change in Net Position	220	56	(1,840)	123
Net position at beginning of year	28,612	28,121	76,183	7,422
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	28,612	28,121	76,183	7,422
Net Position at End of Period	28,832	28,177	74,343	7,545

Schedule 14

Governmental Purpose Bonds 2001 A-D	Combined Total
4,838	9,778
465	799
-	(291)
-	-
465	508
-	-
-	-
-	-
5,303	10,286
2,158	4,425
427	771
32	80
(257)	(662)
159	343
-	-
-	-
2,519	4,957
2,784	5,329
-	-
-	-
(11)	(3,997)
2,773	1,332
121,153	261,491
-	-
121,153	261,491
123,926	262,823

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

NON-HOUSING BONDS

For the Six Months Ended December 31, 2014

(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
OPERATING REVENUES				
Mortgage and loans revenue	1,307	2,298	1,370	1,758
Investment interest	5	12	1,400	12
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	(178)	-	-	-
Total Investment Revenue	(173)	12	1,400	12
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,134	2,310	2,770	1,770
OPERATING EXPENSES				
Interest	2	1,997	1,818	1,769
Mortgage and loan costs	104	179	93	136
Financing expenses	48	3	26	3
Provision for loan loss	(68)	(122)	(79)	52
Operations and administration	39	67	36	291
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	125	2,124	1,894	2,251
Operating Income (Loss)	1,009	186	876	(481)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	5,747	394	3,070	11,505
Change in Net Position	6,756	580	3,946	11,024
Net position at beginning of year	(3,893)	1,737	3,218	1,256
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	(3,893)	1,737	3,218	1,256
Net Position at End of Period	2,863	2,317	7,164	12,280

Schedule 15

State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
3,289	4,253	346	123	1,184	-	2,754	2,645	21,327
10	9	3	1	2	-	10	250	1,714
-	-	113	38	34	(1)	-	-	184
-	-	-	-	-	-	-	-	(178)
10	9	116	39	36	(1)	10	250	1,720
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,299	4,262	462	162	1,220	(1)	2,764	2,895	23,047
1,298	1,529	1,648	413	324	87	170	3,356	14,411
152	106	25	11	105	-	214	223	1,348
5	4	18	46	129	409	4	26	721
(425)	(286)	964	321	138	-	(4,336)	(62)	(3,903)
70	103	72	24	76	30	46	84	938
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,100	1,456	2,727	815	772	526	(3,902)	3,627	13,515
2,199	2,806	(2,265)	(653)	448	(527)	6,666	(732)	9,532
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(341)	(14,254)	(2,278)	(615)	(1,041)	436	(10,913)	15,694	7,404
1,858	(11,448)	(4,543)	(1,268)	(593)	(91)	(4,247)	14,962	16,936
(9,936)	1,808	(2,110)	(72)	-	-	4,247	(6,796)	(10,541)
-	-	-	-	-	-	-	-	-
(9,936)	1,808	(2,110)	(72)	-	-	4,247	(6,796)	(10,541)
(8,078)	(9,640)	(6,653)	(1,340)	(593)	(91)	-	8,166	6,395

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER PROGRAM FUNDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Energy Programs	Low Rent Program	Market Rate Rental Housing Programs	Section 8 Vouchers Programs
OPERATING REVENUES				
Mortgage and loans revenue	-	-	-	-
Investment interest	1	1	-	4
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	1	-	4
Externally funded program	28,065	9,396	1,081	17,402
Rental	-	3,300	1,129	-
Other	1	12	8	18
Total Operating Revenues	28,067	12,709	2,218	17,424
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	1,702	6,494	1,618	2,406
Rental housing operating expenses	377	6,977	1,261	94
Housing grants and subsidies	27,038	18	-	16,715
Total Operating Expenses	29,117	13,489	2,879	19,215
Operating Income (Loss)	(1,050)	(780)	(661)	(1,791)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	3,089	3,471	748	399
Change in Net Position	2,039	2,691	87	(1,392)
Net position at beginning of year	3,554	82,946	29,945	3,221
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	3,554	82,946	29,945	3,221
Net Position at End of Period	5,593	85,637	30,032	1,829

Schedule 16

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
-	-	-
-	1	7
-	-	-
-	-	-
-	1	7
11,883	-	67,827
-	11	4,440
268	-	307
12,151	12	72,581
-	-	-
-	-	-
-	-	-
-	-	-
1,495	95	13,810
13	2	8,724
14,823	5,491	64,085
16,331	5,588	86,619
(4,180)	(5,576)	(14,038)
-	-	-
-	-	-
4,622	-	12,329
442	(5,576)	(1,709)
10,125	3,292	133,083
-	-	-
10,125	3,292	133,083
10,567	(2,284)	131,374

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	2,647	6,198	16,793	2,357
Principal payments received on mortgages and loans	2,798	20,850	56,522	10,259
Purchases of mortgages and loans	(238,221)	-	-	-
Receipt (payment) for loan transfers between funds	131,506	657	(31,579)	1,314
Mortgage and loan proceeds	213,546	-	-	-
Payment of mortgage and loan proceeds to funds	(210,836)	-	-	-
Payments to employees and other payroll disbursements	(14,034)	-	-	-
Payments for goods and services	(8,602)	-	(400)	-
Cash received for externally funded programs	1,444	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(2,333)	-	-	-
Grant payments to other agencies	(6,018)	-	-	-
Other operating cash receipts	14,428	-	-	-
Other operating cash payments	(1,013)	-	-	-
Net cash provided by (used for) operating activities	(114,688)	27,705	41,336	13,930
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(13,995)	(24,950)	(8,585)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(742)	-	-	-
Interest paid	(46)	(4,509)	(10,956)	(1,669)
Proceeds from issuance of short term debt	247,964	-	-	-
Payment of short term debt	(296,854)	-	-	-
Contributions to the State of Alaska or other State agencies	(219)	-	-	-
Transfers (to) from other funds	11,720	-	(3,984)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(38,177)	(18,504)	(39,890)	(10,254)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(1,071)	-	-	-
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 direct financing leases	-	-	-	-
Other cash payments	(16)	-	-	-
Net cash provided by (used for) capital financing activities	(1,087)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(2,451,810)	(114,920)	(194,024)	(27,461)
Proceeds from maturity of investments	2,606,012	105,844	192,699	23,772
Interest received from investments	322	51	86	13
Net cash provided by (used for) investing activities	154,524	(9,025)	(1,239)	(3,676)
Net Increase (decrease) in cash	572	176	207	-
Cash at the beginning of year	41,415	-	-	-
Cash at the end of period	41,987	176	207	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(4,818)	2,309	3,286	1,030
<i>Adjustments:</i>				
Depreciation expense	235	-	-	-
Provision for loan losses	1,103	(876)	(1,225)	(362)
Net change in the fair value of investments	(322)	-	-	-
Transfers between funds for operating activity	(18,325)	260	2,041	72
Interest received from investments	(322)	(51)	(86)	(13)
Interest paid	46	4,509	10,956	1,669
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	(103,917)	21,507	24,943	11,573
Net increase (decrease) in assets, liabilities and deferred resources	11,632	47	1,421	(39)
Net cash provided by (used for) operating activities	(114,688)	27,705	41,336	13,930

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
9,032	19,885	-	56,912
24,769	44,786	-	159,984
-	-	-	(238,221)
(47,957)	(53,941)	-	-
-	-	-	213,546
-	-	-	(210,836)
-	-	(6,663)	(20,697)
-	-	(5,949)	(14,951)
-	-	55,346	56,790
-	-	14,747	14,747
-	-	(16,740)	(16,740)
-	-	2,333	-
-	-	(49,015)	(55,033)
-	100	5,289	19,817
-	(228)	(277)	(1,518)
(14,156)	10,602	(929)	(36,200)
-	232,970	-	232,970
(56,245)	(187,066)	-	(290,841)
-	-	-	-
-	-	-	(742)
(4,336)	(19,834)	-	(41,350)
-	-	-	247,964
-	-	-	(296,854)
-	-	-	(219)
48,069	(53,105)	(2,700)	-
-	-	-	-
(12,512)	(27,035)	(2,700)	(149,072)
-	-	(147)	(1,218)
-	-	18	18
-	-	-	-
-	(10,614)	-	(10,614)
-	-	-	-
-	(1,432)	-	(1,432)
-	5,038	-	5,038
-	-	-	(16)
-	(7,008)	(129)	(8,224)
(225,640)	(522,689)	-	(3,536,544)
251,397	545,922	-	3,725,646
911	80	7	1,470
26,668	23,313	7	190,572
-	(128)	(3,751)	(2,924)
-	227	35,384	77,026
-	99	31,633	74,102
5,329	9,532	(14,038)	2,630
-	238	3,307	3,780
(662)	(3,903)	-	(5,925)
291	(184)	-	(215)
219	914	14,819	-
(911)	(80)	(7)	(1,470)
4,336	21,266	-	42,782
(23,188)	(9,155)	-	(78,237)
430	(8,026)	(5,010)	455
(14,156)	10,602	(929)	(36,200)

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ALASKA HOUSING FINANCE CORPORATION

Schedule 18

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

REVOLVING FUNDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	2,647	-	2,647
Principal payments received on mortgages and loans	2,798	-	2,798
Purchases of mortgages and loans	(238,221)	-	(238,221)
Receipt (payment) for loan transfers between funds	131,506	-	131,506
Mortgage and loan proceeds	213,546	-	213,546
Payment of mortgage and loan proceeds to funds	(210,836)	-	(210,836)
Payments to employees and other payroll disbursements	(14,034)	-	(14,034)
Payments for goods and services	(8,602)	-	(8,602)
Cash received for externally funded programs	1,444	-	1,444
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	(2,333)	-	(2,333)
Grant payments to other agencies	(6,018)	-	(6,018)
Other operating cash receipts	14,428	-	14,428
Other operating cash payments	(1,013)	-	(1,013)
Net cash provided by (used for) operating activities	(114,688)	-	(114,688)
<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	(742)	-	(742)
Interest paid	(46)	-	(46)
Proceeds from issuance of short term debt	247,964	-	247,964
Payment of short term debt	(296,854)	-	(296,854)
Contributions to the State of Alaska or other State agencies	(219)	-	(219)
Transfers (to) from other funds	11,684	36	11,720
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	(38,213)	36	(38,177)
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(1,071)	-	(1,071)
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 direct financing leases	-	-	-
Other cash payments	(16)	-	(16)
Net cash provided by (used for) capital financing activities	(1,087)	-	(1,087)
<u>Cash flows from investing activities:</u>			
Purchase of investments	(2,440,875)	(10,935)	(2,451,810)
Proceeds from maturity of investments	2,595,646	10,366	2,606,012
Interest received from investments	172	150	322
Net cash provided by (used for) investing activities	154,943	(419)	154,524
Net Increase (decrease) in cash	955	(383)	572
Cash at the beginning of year	41,032	383	41,415
Cash at the end of period	41,987	-	41,987
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	(4,822)	4	(4,818)
<i>Adjustments:</i>			
Depreciation expense	235	-	235
Provision for loan losses	1,103	-	1,103
Net change in the fair value of investments	(424)	102	(322)
Transfers between funds for operating activity	(18,325)	-	(18,325)
Interest received from investments	(172)	(150)	(322)
Interest paid	46	-	46
<i>Changes in assets, liabilities and deferred resources:</i>			
Net increase (decrease) in mortgages and loans	(103,917)	-	(103,917)
Net increase (decrease) in assets, liabilities and deferred resources	11,588	44	11,632
Net cash provided by (used for) operating activities	(114,688)	-	(114,688)

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ALASKA HOUSING FINANCE CORPORATION

Schedule 19

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
Cash flows from operating activities:			
Interest income on mortgages and loans	2,502	3,696	6,198
Principal payments received on mortgages and loans	9,076	11,774	20,850
Purchases of mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	529	128	657
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
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 (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	12,107	15,598	27,705
Cash flows from noncapital financing activities:			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(4,465)	(9,530)	(13,995)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(2,138)	(2,371)	(4,509)
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	(6,603)	(11,901)	(18,504)
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 direct financing leases	-	-	-
Other cash payments	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
Cash flows from investing activities:			
Purchase of investments	(51,731)	(63,189)	(114,920)
Proceeds from maturity of investments	46,381	59,463	105,844
Interest received from investments	22	29	51
Net cash provided by (used for) investing activities	(5,328)	(3,697)	(9,025)
Net Increase (decrease) in cash	176	-	176
Cash at the beginning of year	-	-	-
Cash at the end of period	176	-	176
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	634	1,675	2,309
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(366)	(510)	(876)
Net change in the fair value of investments	-	-	-
Transfers between funds for operating activity	97	163	260
Interest received from investments	(22)	(29)	(51)
Interest paid	2,138	2,371	4,509
<i>Changes in assets, liabilities and deferred resources:</i>			
Net increase (decrease) in mortgages and loans	9,605	11,902	21,507
Net increase (decrease) in assets, liabilities and deferred resources	21	26	47
Net cash provided by (used for) operating activities	12,107	15,598	27,705

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 Six Months Ended December 31, 2014

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2007 A	Bonds 2007 B
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	3,237	581	1,817	1,880
Principal payments received on mortgages and loans	8,731	3,062	5,315	5,791
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(1,028)	309	(3,296)	(3,947)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	(400)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	10,540	3,952	3,836	3,724
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(21,240)	(3,710)	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,624)	(467)	(1,394)	(1,396)
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	(471)	-	(104)	(577)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(23,335)	(4,177)	(1,498)	(1,973)
<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 direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(28,052)	(8,622)	(20,266)	(21,264)
Proceeds from maturity of investments	40,836	8,843	17,919	19,710
Interest received from investments	11	4	9	10
Net cash provided by (used for) investing activities	12,795	225	(2,338)	(1,544)
Net Increase (decrease) in cash	-	-	-	207
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	207
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(249)	211	352	385
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(270)	(86)	(116)	(94)
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	414	20	165	156
Interest received from investments	(11)	(4)	(9)	(10)
Interest paid	1,624	467	1,394	1,396
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	7,703	3,371	2,019	1,844
Net increase (decrease) in assets, liabilities and deferred resources	1,329	(27)	31	47
Net cash provided by (used for) operating activities	10,540	3,952	3,836	3,724

Schedule 20

Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
2,361	2,094	2,261	2,562	16,793
6,616	8,173	7,991	10,843	56,522
-	-	-	-	-
(5,233)	(4,974)	(6,074)	(7,336)	(31,579)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(400)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,744	5,293	4,178	6,069	41,336
-	-	-	-	-
-	-	-	-	(24,950)
-	-	-	-	-
-	-	-	-	-
(1,668)	(1,469)	(1,467)	(1,471)	(10,956)
-	-	-	-	-
-	-	-	-	-
(863)	(319)	(565)	(1,085)	(3,984)
-	-	-	-	-
(2,531)	(1,788)	(2,032)	(2,556)	(39,890)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(25,356)	(26,489)	(28,809)	(35,166)	(194,024)
24,131	22,973	26,650	31,637	192,699
12	11	13	16	86
(1,213)	(3,505)	(2,146)	(3,513)	(1,239)
-	-	-	-	207
-	-	-	-	-
-	-	-	-	207
633	219	711	1,024	3,286
-	-	-	-	-
(171)	(116)	(123)	(249)	(1,225)
-	-	-	-	-
206	451	198	431	2,041
(12)	(11)	(13)	(16)	(86)
1,668	1,469	1,467	1,471	10,956
1,383	3,199	1,917	3,507	24,943
37	82	21	(99)	1,421
3,744	5,293	4,178	6,069	41,336

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ALASKA HOUSING FINANCE CORPORATION

Schedule 21

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	1,807	550	2,357
Principal payments received on mortgages and loans	8,037	2,222	10,259
Purchases of mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	1,111	203	1,314
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
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 (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	10,955	2,975	13,930
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(7,410)	(1,175)	(8,585)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(1,243)	(426)	(1,669)
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	(8,653)	(1,601)	(10,254)
<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 direct financing leases	-	-	-
Other cash payments	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
<u>Cash flows from investing activities:</u>			
Purchase of investments	(21,830)	(5,631)	(27,461)
Proceeds from maturity of investments	19,517	4,255	23,772
Interest received from investments	11	2	13
Net cash provided by (used for) investing activities	(2,302)	(1,374)	(3,676)
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)	828	202	1,030
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(281)	(81)	(362)
Net change in the fair value of investments	-	-	-
Transfers between funds for operating activity	56	16	72
Interest received from investments	(11)	(2)	(13)
Interest paid	1,243	426	1,669
<i>Changes in assets, liabilities and deferred resources:</i>			
Net increase (decrease) in mortgages and loans	9,148	2,425	11,573
Net increase (decrease) in assets, liabilities and deferred resources	(28)	(11)	(39)
Net cash provided by (used for) operating activities	10,955	2,975	13,930

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds II 2012 A, B	Governmental Purpose Bonds 1997 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	200	767	3,527	124
Principal payments received on mortgages and loans	1,613	1,538	11,179	625
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	(4,312)	84	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
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 (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	1,813	(2,007)	14,790	749
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	(53,670)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(2)	(2,360)	(3)
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	-	-	48,069	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(2)	(7,961)	(3)
<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 direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(23,647)	(8,282)	(146,432)	(14,965)
Proceeds from maturity of investments	21,461	10,287	139,582	14,210
Interest received from investments	373	4	21	9
Net cash provided by (used for) investing activities	(1,813)	2,009	(6,829)	(746)
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)	216	845	1,395	89
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(28)	(93)	(284)	-
Net change in the fair value of investments	291	-	-	-
Transfers between funds for operating activity	4	38	(266)	34
Interest received from investments	(373)	(4)	(21)	(9)
Interest paid	-	2	2,360	3
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	1,613	(2,774)	11,263	625
Net increase (decrease) in assets, liabilities and deferred resources	90	(21)	343	7
Net cash provided by (used for) operating activities	1,813	(2,007)	14,790	749

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

NON-HOUSING BONDS

For the Six Months Ended December 31, 2014

(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	1,204	2,148	1,254	1,657
Principal payments received on mortgages and loans	3,141	7,266	2,707	5,518
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(555)	(10,033)	(2,470)	(6,954)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
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 (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	67	-
Other operating cash payments	-	-	(137)	-
Net cash provided by (used for) operating activities	3,790	(619)	1,421	221
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(175)	-	(3,685)	(1,688)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(346)	(1,999)	(1,874)	(1,693)
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	(521)	(1,999)	(5,559)	(3,381)
<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	(2,330)	-	-	(252)
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(974)	-	-	(253)
Proceeds from direct financing leases	-	-	3,304	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(3,304)	-	3,304	(505)
<u>Cash flows from investing activities:</u>				
Purchase of investments	(10,650)	(29,152)	(15,602)	(29,551)
Proceeds from maturity of investments	10,681	31,759	16,362	33,205
Interest received from investments	4	11	4	11
Net cash provided by (used for) investing activities	35	2,618	764	3,665
Net Increase (decrease) in cash	-	-	(70)	-
Cash at the beginning of year	-	-	136	-
Cash at the end of period	-	-	66	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	1,009	186	876	(481)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	238
Provision for loan losses	(68)	(122)	(79)	52
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	130	210	202	129
Interest received from investments	(4)	(11)	(4)	(11)
Interest paid	1,320	1,999	1,874	1,946
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	2,586	(2,767)	237	(1,436)
Net increase (decrease) in assets, liabilities and deferred resources	(1,183)	(114)	(1,685)	(216)
Net cash provided by (used for) operating activities	3,790	(619)	1,421	221

State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
3,352	3,989	337	113	864	-	2,531	2,436	19,885
3,947	3,427	604	201	2,404	-	7,901	7,670	44,786
-	-	-	-	-	-	-	-	-
(2,984)	(9,738)	(3,746)	(1,306)	(3,021)	-	(2,902)	(10,232)	(53,941)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	33	100
-	-	-	-	-	-	-	(91)	(228)
4,315	(2,322)	(2,805)	(992)	247	-	7,530	(184)	10,602
-	-	-	-	140,000	92,970	-	-	232,970
(51,925)	-	-	-	-	-	(125,838)	(3,755)	(187,066)
-	-	-	-	-	-	-	-	-
(2,041)	(2,242)	(2,297)	(682)	(245)	-	(3,216)	(3,199)	(19,834)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
47,279	53	(97,771)	(32,388)	(100,000)	-	129,722	-	(53,105)
-	-	-	-	-	-	-	-	-
(6,687)	(2,189)	(100,068)	(33,070)	39,755	92,970	668	(6,954)	(27,035)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(8,032)	-	(10,614)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(205)	-	(1,432)
-	-	-	-	-	-	-	1,734	5,038
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(8,237)	1,734	(7,008)
(75,534)	(24,676)	(105,945)	(35,222)	(42,281)	(92,970)	(20,847)	(40,259)	(522,689)
77,897	29,178	208,817	69,284	2,278	-	20,876	45,585	545,922
9	9	1	-	1	-	10	20	80
2,372	4,511	102,873	34,062	(40,002)	(92,970)	39	5,346	23,313
-	-	-	-	-	-	-	(58)	(128)
-	-	-	-	-	-	-	91	227
-	-	-	-	-	-	-	33	99
2,199	2,806	(2,265)	(653)	448	(527)	6,666	(732)	9,532
-	-	-	-	-	-	-	-	238
(425)	(286)	964	321	138	-	(4,336)	(62)	(3,903)
-	-	(113)	(38)	(34)	1	-	-	(184)
(654)	28	1,864	473	413	30	(2,227)	316	914
(9)	(9)	(1)	-	(1)	-	(10)	(20)	(80)
2,041	2,242	2,297	682	245	-	3,421	3,199	21,266
963	(6,311)	(3,142)	(1,105)	(617)	-	4,999	(2,562)	(9,155)
200	(792)	(2,409)	(672)	(345)	496	(983)	(323)	(8,026)
4,315	(2,322)	(2,805)	(992)	247	-	7,530	(184)	10,602

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Six Months Ended December 31, 2014

(in thousands of dollars)

	Energy Programs	Low Rent Program	Market Rate Rental 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	-	-	-	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	(577)	(3,523)	(797)	(1,431)
Payments for goods and services	(692)	(3,953)	(824)	(193)
Cash received for externally funded programs	29,317	9,063	1,082	2,528
Cash received for Federal HAP subsidies	-	-	-	14,747
Payments for Federal HAP subsidies	-	-	-	(16,740)
Interfund receipts (payments)	1,411	(7,125)	775	(2,487)
Grant payments to other agencies	(29,594)	-	-	(10)
Other operating cash receipts	31	3,396	1,164	324
Other operating cash payments	-	(58)	(1)	(218)
Net cash provided by (used for) operating activities	(104)	(2,200)	1,399	(3,480)
<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	-	(3,001)	(1)	118
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(3,001)	(1)	118
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	(40)	(80)	(27)
Proceeds from the disposal of capital assets	-	10	8	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	(30)	(72)	(27)
<u>Cash flows from investing activities:</u>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	1	1	-	4
Net cash provided by (used for) investing activities	1	1	-	4
Net Increase (decrease) in cash	(103)	(5,230)	1,326	(3,385)
Cash at the beginning of year	1,361	16,386	9,317	7,030
Cash at the end of period	1,258	11,156	10,643	3,645
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(1,050)	(780)	(661)	(1,791)
<i>Adjustments:</i>				
Depreciation expense	-	2,685	615	7
Provision for loan losses	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	3,089	6,401	611	281
Interest received from investments	(1)	(1)	-	(4)
Interest paid	-	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets, liabilities and deferred resources	(2,142)	(10,505)	834	(1,973)
Net cash provided by (used for) operating activities	(104)	(2,200)	1,399	(3,480)

Schedule 24

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(335)	-	(6,663)
(285)	(2)	(5,949)
13,356	-	55,346
-	-	14,747
-	-	(16,740)
(268)	10,027	2,333
(12,767)	(6,644)	(49,015)
364	10	5,289
-	-	(277)
65	3,391	(929)

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(65)	249	(2,700)
-	-	-
(65)	249	(2,700)

-	-	(147)
-	-	18
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	(129)

-	-	-
-	-	-
-	1	7
-	1	7

-	3,641	(3,751)
3	1,287	35,384
3	4,928	31,633

(4,180)	(5,576)	(14,038)
-	-	3,307
-	-	-
-	-	-
4,686	(249)	14,819
-	(1)	(7)
-	-	-
-	-	-
(441)	9,217	(5,010)
65	3,391	(929)

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