



Alaska
Housing
FINANCE CORPORATION

a component unit of the State of Alaska

**Quarterly Unaudited
Financial Statements**

GYdhYa VYf 3\$, 2014

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

As of September 30, 2014

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
ASSETS				
Cash	30,100	9,248	48	30,208
Investments	668,532	-	386,486	11,118
Accrued interest receivable	2,078	-	10,415	55
Inter-fund due to/from	(8,296)	(10,588)	35,574	(14,084)
Mortgage loans, notes and other loans	142,607	-	2,437,481	-
Net investment in direct financing lease	-	-	43,159	-
Capital assets - non-depreciable	139	-	2,400	13,685
Capital assets - depreciable, net	3,757	50	10,183	84,004
Other assets	7,864	11,655	-	536
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	463	9,697	-	7
Total Assets	847,244	20,062	2,925,746	125,529
DEFERRED OUTFLOW OF RESOURCES				
	-	-	156,414	-
LIABILITIES				
Bonds payable	-	-	2,321,434	-
Short term debt	67,497	-	-	-
Accrued interest payable	1,978	-	27,345	-
Other liabilities	8,319	2,021	1,610	1,740
Derivative instrument - interest rate swaps	-	-	139,764	-
Intergovernmental payable	-	-	47	-
Total Liabilities	77,794	2,021	2,490,200	1,740
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	3,896	50	12,583	97,689
Restricted by bond resolutions	-	-	572,417	-
Restricted by contractual or statutory agreements	56,099	19,557	28,733	26,592
Unrestricted or (deficit)	709,455	(1,566)	(21,773)	(492)
Total Net Position	769,450	18,041	591,960	123,789

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total September 30, 2014
69,604	860	70,464
1,066,136	-	1,066,136
12,548	-	12,548
2,606	(2,606)	-
2,580,088	-	2,580,088
43,159	-	43,159
16,224	4,600	20,824
97,994	-	97,994
20,055	1,378	21,433
-	-	-
10,167	-	10,167
<u>3,918,581</u>	<u>4,232</u>	<u>3,922,813</u>
<u>156,414</u>	<u>-</u>	<u>156,414</u>
2,321,434	-	2,321,434
67,497	-	67,497
29,323	-	29,323
13,690	1	13,691
139,764	-	139,764
47	-	47
<u>2,571,755</u>	<u>1</u>	<u>2,571,756</u>
-	-	-
114,218	4,600	118,818
572,417	-	572,417
130,981	1,378	132,359
685,624	(1,747)	683,877
<u>1,503,240</u>	<u>4,231</u>	<u>1,507,471</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Three Months Ended September 30, 2014

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage or Bond Funds	Other Funds or Programs
OPERATING REVENUES				
Mortgage and loans revenue	1,980	-	29,422	-
Investment interest	46	3	733	55
Net change in the fair value of investments	95	-	(24)	(54)
Net change of hedge termination	-	-	82	-
Total Investment Revenue	141	3	791	1
Externally funded programs	320	25,112	-	3,273
Rental	-	-	-	2,182
Other	2,371	219	-	10
Total Operating Revenues	4,812	25,334	30,213	5,466
OPERATING EXPENSES				
Interest	26	-	20,914	-
Mortgage and loan costs	251	-	2,230	-
Financing expenses	168	-	1,183	-
Provision for loan loss	697	-	(2,236)	-
Operations and administration	6,149	2,744	1,088	4,289
Rental housing operating expenses	5	422	-	4,239
Housing grants and subsidies	-	26,021	-	10
Total Operating Expenses	7,296	29,187	23,179	8,538
Operating Income (Loss)	(2,484)	(3,853)	7,034	(3,072)
NONOPERATING EXPENSES, SPECIAL ITEM & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(50)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(7,028)	4,994	(1,332)	2,415
Change in Net Position	(9,562)	1,141	5,702	(657)
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	769,450	18,041	591,960	123,789

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total September 30, 2014
31,402	-	31,402
837	-	837
17	-	17
82	-	82
936	-	936
28,705	-	28,705
2,182	-	2,182
2,600	-	2,600
65,825	-	65,825
20,940	-	20,940
2,481	-	2,481
1,351	-	1,351
(1,539)	-	(1,539)
14,270	12	14,282
4,666	-	4,666
26,031	-	26,031
68,200	12	68,212
(2,375)	(12)	(2,387)
(50)	-	(50)
-	-	-
(951)	951	-
(3,376)	939	(2,437)
1,506,616	3,292	1,509,908
-	-	-
1,506,616	3,292	1,509,908
1,503,240	4,231	1,507,471

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Three Months Ended September 30, 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	1,125	-	26,993	-
Principal payments received on mortgages and loans	1,326	-	78,413	-
Purchases of mortgages and loans	(126,224)	-	-	-
Receipt (payment) for loan transfers between funds	75,367	-	(75,367)	-
Mortgage and loan proceeds	107,249	-	-	-
Payment of mortgage and loan proceeds to funds	(104,752)	-	-	-
Payments to employees and other payroll disbursements	(7,041)	(1,179)	-	(2,203)
Payments for goods and services	(4,552)	(665)	(400)	(1,844)
Cash received for externally funded programs	176	25,336	-	4,052
Cash received for Federal HAP subsidies	-	7,597	-	-
Payments for Federal HAP subsidies	-	(8,292)	-	-
Interfund receipts (payments)	(1,118)	(1,807)	-	2,006
Grant payments to other agencies	(3,934)	(20,608)	-	-
Other operating cash receipts	9,869	501	48	2,194
Other operating cash payments	(432)	(66)	(227)	(19)
Net cash provided by (used for) operating activities	(52,941)	817	29,460	4,186
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	140,000	-
Principal paid on bonds	-	-	(124,800)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(218)	-	-	-
Interest paid	(18)	-	(600)	-
Proceeds from issuance of short term debt	126,278	-	-	-
Payment of short term debt	(123,782)	-	-	-
Contributions to the State of Alaska or other State agencies	(207)	-	-	-
Transfers (to) from other funds	3,865	61	(3,926)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	5,918	61	10,674	-
Cash flows from capital financing activities:				
Acquisition of capital assets	(257)	(27)	-	(74)
Proceeds from the disposal of capital assets	-	-	-	10
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(2,330)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(977)	-
Proceeds from direct financing leases	-	-	1,734	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(257)	(27)	(1,573)	(64)
Cash flows from investing activities:				
Purchase of investments	(1,152,993)	-	(467,386)	(7,400)
Proceeds from maturity of investments	1,189,239	-	428,315	7,306
Interest received from investments	102	3	331	94
Net cash provided by (used for) investing activities	36,348	3	(38,740)	-
Net Increase (decrease) in cash	(10,932)	854	(179)	4,122
Cash at the beginning of year	41,032	8,394	227	26,086
Cash at the end of period	30,100	9,248	48	30,208
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(2,484)	(3,853)	7,034	(3,072)
<i>Adjustments:</i>				
Depreciation expense	117	4	119	1,647
Provision for loan losses	697	-	(2,236)	-
Net change in the fair value of investments	(95)	-	24	54
Transfers between funds for operating activity	(9,470)	4,933	1,312	2,274
Interest received from investments	(102)	(3)	(331)	(94)
Interest paid	18	-	1,577	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	(49,531)	-	3,046	-
Net increase (decrease) in assets, liabilities, and deferred resources	7,909	(264)	18,915	3,377
Net cash provided by (used for) operating activities	(52,941)	817	29,460	4,186
Noncash investing, capital and financing activities:				
Deferred outflow of resources-derivatives			(142)	
Derivative instruments liability			60	
Net change of hedge termination			82	

See accompanying notes to the financial statements.

Exhibit C

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total September 30, 2014
28,118	-	28,118
79,739	-	79,739
(126,224)	-	(126,224)
-	-	-
107,249	-	107,249
(104,752)	-	(104,752)
(10,423)	-	(10,423)
(7,461)	-	(7,461)
29,564	-	29,564
7,597	-	7,597
(8,292)	-	(8,292)
(919)	919	-
(24,542)	-	(24,542)
12,612	-	12,612
(744)	(1,346)	(2,090)
<u>(18,478)</u>	<u>(427)</u>	<u>(18,905)</u>
140,000	-	140,000
(124,800)	-	(124,800)
-	-	-
(218)	-	(218)
(618)	-	(618)
126,278	-	126,278
(123,782)	-	(123,782)
(207)	-	(207)
-	-	-
-	-	-
<u>16,653</u>	<u>-</u>	<u>16,653</u>
(358)	-	(358)
10	-	10
-	-	-
(2,330)	-	(2,330)
-	-	-
(977)	-	(977)
1,734	-	1,734
-	-	-
<u>(1,921)</u>	<u>-</u>	<u>(1,921)</u>
(1,627,779)	-	(1,627,779)
1,624,860	-	1,624,860
530	-	530
<u>(2,389)</u>	<u>-</u>	<u>(2,389)</u>
(6,135)	(427)	(6,562)
75,739	1,287	77,026
<u>69,604</u>	<u>860</u>	<u>70,464</u>
(2,375)	(12)	(2,387)
1,887	-	1,887
(1,539)	-	(1,539)
(17)	-	(17)
(951)	951	-
(530)	-	(530)
1,595	-	1,595
(46,485)	-	(46,485)
29,937	(1,366)	28,571
<u>(18,478)</u>	<u>(427)</u>	<u>(18,905)</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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 pensions 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):

	September 30, 2014
Restricted cash	\$ 40,364
Unrestricted	30,100
Carrying amount	<u>\$ 70,464</u>
Bank Balance	<u>\$ 71,611</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)				September 30, 2014
	Less Than 1	1-5	6-10	More Than 10	
Bank investment contracts	\$ -	\$ 16,707	\$ -	\$ -	\$ 16,707
U. S. Treasury securities	1,566	866	-	-	2,432
Securities of U. S. Government agencies and corporations	726	239	39	-	1,004
Certificates of deposit	-	1,000	-	-	1,000
Commercial paper & medium-term notes	233,547	3,204	-	-	236,751
Money market funds	136,812	-	-	-	136,812
Subtotal	<u>\$ 372,651</u>	<u>\$ 22,016</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>394,706</u>
GeFONSI pool					671,430
Total AHFC Portfolio					<u>\$ 1,066,136</u>

Restricted Investments

A large portion of the Corporation's investments, \$441,343,000, are restricted by bond resolutions, contractual agreements, and statutory agreements and the remainder, \$624,793,000, 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):

	September 30, 2014
Ending unrealized holding gain	\$ 25,730
Beginning unrealized holding gain	25,310
Net change in unrealized holding gain	420
Net realized gain (loss)	(403)
Net increase (decrease) in fair value	<u>\$ 17</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 September 30, 2014, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). The Corporation's investments included \$2,432,000 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.

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and Corporations:			
	Aaa	AA+	\$ 1,004
Certificates of deposit:			
	Aa2	A+	1,000
Commercial paper, medium-term notes:			
	A1	A+	3,596
	A1	A	2,508
	A1	AA+	2,035
	A2	A	5,750
	A2	A+	1,212
	A3	A	101
	Aa2	AA	507
	Aa2	AA-	3,325
	Aa3	AA-	2,172
	Aaa	AAA	101
	Baa1	A	2,044
	Baa1	A-	1,532
	Baa1	BBB	756
	Baa1	BBB+	760
	Baa2	A-	3,803
	Baa3	BBB	486
	--	A1+	28,124
	P-1	A-1	54,512
	P-1	A-1+	113,404
	P-1	A-2	8,724
	P-2	A-1	1,299
			<u>236,751</u>
Money market funds:			
	--	AAAm	136,812
Unrated investments:			
Bank investment contracts			16,707
			<u>\$ 392,274</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 September 30, 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	\$ 671,430	62.98
Goldman Sachs	136,368	12.79
Standard	62,378	5.85

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 \$71,611,000 bank balance at September 30, 2014, cash deposits in the amount of \$6,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$40,855,000 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 September 30, 2014:

	Investment Fair Value	Modified Duration
Bank investment contracts	\$ 16,707	0.000
U. S. Treasury securities:		
Treasury coupon securities	2,432	1.063
Securities of U. S. Government agencies and corporations:		
Federal agency coupon securities	876	0.607
Federal agency pass through securities	128	1.786
Certificates of deposit	1,000	3.960
Commercial paper & medium-term notes:		
Commercial paper discounts	204,047	0.105
Corporate bonds	102	0.526
Medium-term notes	31,602	0.535
Interest bearing	1,000	0.690
Money market funds	136,812	0.000
	<u>\$ 394,706</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					Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	
Administrative Fund	\$ -	\$ 12,013	\$ -	\$ 14,084	\$ 1,181	\$ 27,278
Grant Programs		-	-	-	1,425	1,425
Mortgage or Bond Programs	35,574	-	-	-	-	35,574
Other Funds or Programs	-	-	-	-	-	-
Alaska Corporation for Affordable Housing	-	-	-	-	-	-
Total	<u>\$ 35,574</u>	<u>\$ 12,013</u>	<u>\$ -</u>	<u>\$ 14,084</u>	<u>\$ 2,606</u>	<u>\$ 64,277</u>

The balance of \$35,574,000 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 \$12,013,000 and \$14,084,000 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 \$1,181,000 due to the Administrative Fund from ACAH resulted primarily from cash advanced by the Administrative Fund to ACAH.

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):

	September 30, 2014
Mortgage loans	\$ 2,242,663
Multifamily loans	316,739
Other notes receivable	96,900
	<u>2,656,302</u>
Less:	
Allowance for losses	(76,214)
Net Mortgage loans, notes and other loans	<u>\$ 2,580,088</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):

	September 30, 2014
<u>Delinquencies and foreclosures:</u>	
Loans delinquent 30 days or more	\$ 131,416
Foreclosures during period	3,005
Loans in foreclosure process	16,852
<u>Mortgage-related commitments:</u>	
To purchase mortgage loans	86,316

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 September 30, 2014, was \$43,973,000. 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 September 30	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	29,729	-	29,729
Gross payments due	\$ 46,249	\$ 8,667	\$ 54,916
Less: Unearned revenue	(11,200)	(557)	(11,757)
Net investment in direct financing lease	\$ 35,049	\$ 8,110	\$ 43,159

8 CAPITAL ASSETS

Capital assets activity for the three months ended September 30, 2014, and a summary of balances are shown below (in thousands):

	June 30, 2014	Additions	Reductions	September 30, 2014
Non-Depreciable Capital Assets:				
Land	\$ 19,687	\$ -	\$ -	\$ 19,687
Construction in progress	1,068	249	(180)	1,137
Total Non-Depreciable	20,755	249	(180)	20,824
Depreciable Capital Assets:				
Buildings	238,476	280	-	238,756
Computers & Equipment	2,147	6	-	2,153
Vehicles	2,017	102	(70)	2,049
Less: Accumulated depreciation				
Buildings	(139,806)	(1,783)	-	(141,589)
Computers & Equipment	(1,572)	(80)	-	(1,652)
Vehicles	(1,769)	(24)	70	(1,723)
Total Depreciable, Net	99,493	(1,499)	-	97,994
Total Capital Assets, Net	\$ 120,248	\$ (1,250)	\$ (180)	\$ 118,818

The above capital assets include \$3,533,000 of land and \$1,067,000 of construction in progress that belong to ACAH.

The depreciation expense charged by the Corporation was \$1,887,000 for the three months ended September 30, 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 \$5,801,000 at September 30, 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 September 30, 2014, were interest rate swap derivatives of \$137,318,000 and deferred debt refunding expense of \$19,096,000.

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 September 30, 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	September 30, 2014
First-Time Home Buyer Program		
<i>Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 57,610
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	107,630
• 2010 Series A; 1.50% to 4.00%, due 2014-2027 Unamortized discount	43,130	35,190 (174)
• 2010 Series B; 1.50% to 4.625%, due 2014-2040	35,680	33,035
• 2011 Series B; 1.20% to 4.05%, due 2014-2026	71,360	61,180
<i>Mortgage Revenue Bonds, Taxable:</i>		
• 2011 Series A; 2.80% due 2015-2026	28,945	14,210
Total Mortgage Revenue Bonds	372,215	308,681
<i>Home Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2002 Series A; Floating Rate*; 0.05% at September 30, 2014, due 2032, 2036 Unamortized swap termination penalty	170,000	97,705 (6,265)
• 2006 Series A; 4.25% to 5.00%, due 2014-2036 Unamortized premium	98,675	19,865 68
• 2007 Series A; Floating Rate*; 0.14% at September 30, 2014, due 2017-2041	75,000	75,000
• 2007 Series B; Floating Rate*; 0.15% at September 30, 2014, due 2017-2041	75,000	75,000
• 2007 Series D; Floating Rate*; 0.14% at September 30, 2014, due 2017-2041	89,370	89,370
• 2009 Series A; Floating Rate*; 0.06% at September 30, 2014, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*, 0.03% at September 30, 2014, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 0.04% at September 30, 2014, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	750,675	593,373
Veterans Mortgage Program Bonds:		
<i>Collateralized State Guaranteed Bonds, Tax-Exempt:</i>		
• 2006 First Series; 4.05% to 4.90%, due 2014-2037	190,000	51,845
• 2007 & 2008 First Series; 3.75% to 5.25%, due 2015-2038	57,885	16,985
Total Veterans Mortgage Program Bonds	247,885	68,830
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	September 30, 2014
General Mortgage Revenue Bonds, Tax-Exempt:		
• 2012 Series A; 0.80% to 4.30%, due 2014-2040	145,890	136,495
Unamortized discount		(687)
Unamortized premium		940
Governmental Purpose Bonds, Tax-Exempt:		
• 1997 Series A; Floating Rate*, monthly payments, 0.03% at September 30, 2014, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 0.03% at September 30, 2014, due 2014-2030	76,580	53,455
Unamortized swap termination penalty		(6,420)
• 2001 Series B; Floating Rate*; 0.03% at September 30, 2014, due 2014-2030	93,590	65,320
Total Other Housing Bonds	434,145	263,803
Non-Housing Bonds:		
State Capital Project Bonds, Tax-Exempt:		
• 2002 Series C; Floating Rate*, 0.04% at September 30, 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		(1,086)
Unamortized premium		933
• 2007 Series A & B; 4.00% to 5.25%, due 2014-2029	95,525	77,995
Unamortized discount		(43)
Unamortized premium		1,488
• 2011 Series A; 4.25% to 5.00%, due 2014-2027	105,185	78,975
Unamortized discount		(86)
Unamortized premium		1,499
• 2012 Series A; 2.00% to 5.00%, due 2014-2032	99,360	91,270
Unamortized discount		(123)
Unamortized premium		10,170
• 2013 Series A; 4.00% to 5.00%, due 2017-2032	86,765	86,765
Unamortized premium		11,100
• 2014 Series A; 3.00% to 5.00%, due 2016-2033	95,115	95,115
Unamortized discount		(70)
Unamortized premium		9,208
• 2014 Series B; 2.00% to 5.00%, due 2015-2029	29,285	29,285
Unamortized premium		4,587
State Capital Project Bonds, Taxable:		
• 2013 Series B; Indexed Floating Rate*, monthly payments 0.95% at September 30, 2014, due 2043	50,000	50,000
• 2014 Series C; Indexed Floating Rate*, 0.66% at September 30, 2014, due 2029	140,000	140,000
General Housing Purpose Bonds, Tax-Exempt:		
• 2005 Series A; 3.75% to 5.25%, due 2014-2041	143,235	133,870
Unamortized premium		2,642
• 2005 Series B; 4.00% to 5.25%, due 2014-2030	147,610	114,460
Unamortized premium		2,338
• 2005 Series C; 5.00%, due 2014-2017	16,885	9,615
Total Non-Housing Bonds	1,170,105	1,086,747
Total Bonds Payable	\$ 2,975,025	\$ 2,321,434

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 three months ended September 30, 2014, the Corporation made \$24,625,000 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 September 30	Total Debt Service		
	Principal	Interest*	Total
2015	\$ 45,335	\$ 84,968	\$ 130,303
2016	47,410	83,677	131,087
2017	61,045	81,877	142,922
2018	61,035	79,538	140,573
2019	62,840	77,112	139,952
2020-2024	404,135	335,585	739,720
2025-2029	496,005	244,305	740,310
2030-2034	617,905	135,508	753,413
2035-2039	338,240	55,483	393,723
2040-2043	157,465	6,841	164,306
	<u>\$ 2,291,415</u>	<u>\$ 1,184,894</u>	<u>\$ 3,476,309</u>

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at September 30, 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 the commitment to issue up to \$5,000,000 of Revenue Bonds 2014 (Eklutna Estates II Senior Housing Projects). As of September 30, 2014, there are \$50,001 bonds outstanding.

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 September 30, 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 September 30, 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 September 30, 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
			September 30, 2014	June 30, 2014	
GP01A	\$ 53,455	\$ 56,741	\$ (3,286)	\$ (3,353)	\$ 67
GP01B	65,320	78,085	(12,765)	(13,103)	338
E021A1	41,920	46,022	(4,102)	(4,195)	93
E021A2	55,785	59,019	(3,234)	(4,091)	857
SC02C	48,255	53,736	(5,481)	(5,981)	500
E071AB	143,622	175,588	(31,966)	(31,412)	(554)
E071BD	95,748	116,707	(20,959)	(20,577)	(382)
E091A	72,789	89,624	(16,835)	(16,520)	(315)
E091B	72,789	89,564	(16,775)	(16,461)	(314)
E091ABD	97,052	118,967	(21,915)	(21,483)	(432)
Total	\$ 746,735	\$ 884,053	\$ (137,318)	\$ (137,176)	\$ (142)

As of September 30, 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	\$ 10,265	\$ 531	\$ 25,111	\$ 35,907
2016	13,325	537	25,702	39,564
2017	16,325	532	25,221	42,078
2018	19,585	522	24,587	44,694
2019	20,475	509	23,879	44,863
220-2024	140,590	2,308	105,516	248,414
2025-2029	153,415	1,852	80,577	235,844
2030-2034	152,120	1,312	53,356	206,788
2035-2039	154,585	708	26,908	182,201
2040-2043	66,050	97	3,102	69,249
	\$ 746,735	\$ 8,908	\$ 393,959	\$ 1,149,602

NOTES TO FINANCIAL STATEMENTS

Credit Risk

As of September 30, 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 34.6% of the total notional amount of the swaps is held with one counterparty rated "AAA/Aa2". Another 32.3% 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 16.2%, 9.7%, and 7.2% 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 September 30, 2014, SIFMA was 0.04% and 1-month LIBOR was 0.1565%, resulting in a SIFMA/LIBOR ratio of 25.6%. The 3-month LIBOR was 0.2351%, resulting in a SIFMA/LIBOR ratio of 17%. 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 September 30, 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 September 30, 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
			September 30, 2014	June 30, 2014	
SC02B	\$ 14,555	\$ 17,001	\$ (2,446)	\$ (2,528)	\$ 82

Credit Risk

As of September 30, 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 three months ended September 30, 2014, is summarized in the following schedule (in thousands):

	June 30, 2014	Additions	Reductions	September 30, 2014	Due Within One Year
Total bonds and notes payable	\$ 2,308,710	\$ 140,000	\$ (127,276)	\$ 2,321,434	\$ 45,335
Compensated absences	5,285	688	(948)	5,025	2,588
Other liabilities	837	-	(77)	760	-
Total long-term liabilities	\$ 2,314,832	\$ 140,688	\$ (128,301)	\$ 2,327,219	\$ 47,923

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 three months ended September 30, 2014, was 0.13% and the highest was 0.16%.

Short term debt activity for the three months ended September 30, 2014, is summarized in the following schedule (in thousands):

	June 30, 2014	Additions	Reductions	September 30, 2014
Commercial paper	\$ 65,000	\$ 126,300	\$ (123,800)	\$ 67,500
Unamortized discount	(7)	(22)	26	(3)
Commercial paper, net	\$ 64,993	\$ 126,278	\$ (123,774)	\$ 67,497

NOTES TO FINANCIAL STATEMENTS

14 TRANSFERS

Transfers for the three months ended September 30, 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	\$ -	\$ 21,602	\$ 55,873	\$ 98	\$ 443	\$ 78,016
u	Grant Programs	26,606	-	-	-	-	26,606
e	Mortgage or Bond Programs	54,541	-	100,000	-	-	154,541
	Other Funds or Programs	2,503	10	-	-	-	2,513
T	Alaska Corporation for						
o	Affordable Housing	1,394	-	-	-	-	1,394
	Total	\$ 85,044	\$ 21,612	\$ 155,873	\$ 98	\$ 443	\$ 263,070

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 land purchased by the Grant programs and gifted to ACAH and various unreimbursable expenditures paid on behalf by the Administrative Fund on behalf of 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 September 30, 2014, the Corporation had unused standby bond purchase agreements of \$498,825,000 and bond insurance of \$444,490,000.

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 three months ended September 30, 2014 was (\$77,000). No arbitrage was paid for the three months ended September 30, 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 September 30, 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	(408,223)	3,848
State of Alaska Capital Projects	253,761	(245,486)	8,275
AHFC Capital Projects	457,420	(425,806)	31,614
Total	<u>\$ 1,912,173</u>	<u>\$ (1,868,436)</u>	<u>\$ 43,737</u>

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):

	September 30, 2014
▪ Beneficiaries and Special Needs Housing	118
▪ Continuum of Care Homeless Assistance	446
▪ Domestic Violence	396
▪ Drug Elimination	14
▪ Emergency Shelter Grant (ESG)	72
▪ Energy Efficiency Monitoring Research	99
▪ Energy Efficient Home Program	4,153
▪ HOME Investment Partnership	1,933
▪ Homeless Assistance Program	1,068
▪ Housing Choice Vouchers	7,186
▪ Housing Loan Program	795
▪ Housing Opportunities for Persons with AIDS	133
▪ Low Income Weatherization Assistance	6,937
▪ Neighborhood Stabilization Program (NSP)	25
▪ Non-Elderly Disabled (NED)	69
▪ Parolees (TBRA)	106
▪ Section 8 Rehabilitaton	107
▪ Senior Citizen Housing Development Grant	675
▪ Supplemental Housing Grant	1,312
▪ Veterans Affairs Supportive Housing	330
▪ Youth (TBRA)	47
▪ Utility Allowance Payments for Low Rent	10
Total Housing Grants and Subsidies Expenses	\$ 26,031

In addition to grant payments made, the Corporation has advanced grant funds of \$10,480,000 and committed to third parties a sum of \$111,729,000 in grant awards at September 30, 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 September 30, 2014, the Corporation had outstanding commitments of \$34,731,000 and had paid out \$176,919,000 in the rebate program to homeowners since the inception of the program. The \$34,731,000 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 September 30, 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 three months ended September 30, 2014, was \$2,322,000.

The Corporation's contributions to the pension plan for the three months ended September 30, 2014, totaled \$528,000 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 three months ended September 30, 2014, totaled \$398,000 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 \$1,900 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 three months ended September 30, 2014, the Corporation paid additional contributions of \$149,000. These contributions equal \$85,000 for pension and 64,000 for post-employment healthcare plans.

The contributions to the pension plan for the three months ended September 30, 2014, by the employees totaled \$101,000 and by the Corporation totaled \$66,000.

The Corporation contributed \$62,000 to a health reimbursement arrangement for the three months ended September 30, 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 \$1,170,000 as of September 30, 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

Subsequent Events

In November 2014, the Corporation issued \$78,105,000 State Capital Project Bonds II, 2014 Series D with \$14,865,000 of additional premium. The bonds are general obligations of the Corporation. The 2014 Series D bonds are tax exempt and bear interest at fixed rates between 2% and 5% payable each June 1 and December 1 with a final maturity of June 1, 2029.

In October 2014, the Corporation made the commitment to issue up to \$14,682,000 of Tax Exempt Direct Purchase Bonds, Series 2014 (ANC MV Phase I Limited Partnership Project) with \$100,002 being issued at that time. The Corporation issued this debt to assist ANC MV Phase I Limited Partnership with the construction of facilities that will help the Corporation fulfill its mission of making housing affordable for all Alaskans. AHFC's component unit, ACAH, is a partner of ANC MV Phase I Limited Partnership. 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.

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 September 30, 2014

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
ASSETS				
Cash	30,483	-	-	-
Investments	679,650	37,407	32,345	8,867
Accrued interest receivable	2,133	1,009	3,109	533
Inter-fund due to/from	(8,296)	3,832	12,922	1,031
Mortgage loans, notes and other loans	142,607	320,358	799,292	91,530
Net investment in direct financing lease	-	-	-	-
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	3,757	-	-	-
Other assets	7,864	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	463	-	-	-
Total Assets	858,800	362,606	847,668	101,961
DEFERRED OUTFLOW OF RESOURCES				
	-	-	124,245	-
LIABILITIES				
Bonds payable	-	308,681	593,373	68,830
Short term debt	67,497	-	-	-
Accrued interest payable	1,978	3,005	7,271	1,099
Other liabilities	8,319	93	336	40
Derivative instrument - interest rate swaps	-	-	115,786	-
Intergovernmental payable	-	-	-	-
Total Liabilities	77,794	311,779	716,766	69,969
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	3,896	-	-	-
Restricted by bond resolutions	-	50,827	255,147	31,992
Restricted by contractual or statutory agreements	67,655	-	-	-
Unrestricted or (deficit)	709,455	-	-	-
Total Net Position	781,006	50,827	255,147	31,992

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
-	48	39,933	70,464
75,233	232,634	-	1,066,136
1,879	3,885	-	12,548
5,756	12,033	(27,278)	-
446,211	780,090	-	2,580,088
-	43,159	-	43,159
-	2,400	18,285	20,824
-	10,183	84,054	97,994
-	-	13,569	21,433
-	-	-	-
-	-	9,704	10,167
529,079	1,084,432	138,267	3,922,813
17,400	14,769	-	156,414
263,803	1,086,747	-	2,321,434
-	-	-	67,497
2,887	13,083	-	29,323
553	588	3,762	13,691
16,052	7,926	-	139,764
-	47	-	47
283,295	1,108,391	3,762	2,571,756
-	-	-	-
-	12,583	102,339	118,818
234,451	-	-	572,417
28,733	-	35,971	132,359
-	(21,773)	(3,805)	683,877
263,184	(9,190)	134,505	1,507,471

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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 September 30, 2014

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
ASSETS			
Cash	30,100	383	30,483
Investments	668,532	11,118	679,650
Accrued interest receivable	2,078	55	2,133
Inter-fund due to/from	(8,296)	-	(8,296)
Mortgage loans, notes and other loans	142,607	-	142,607
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	3,757	-	3,757
Other assets	7,864	-	7,864
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	463	-	463
Total Assets	847,244	11,556	858,800
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Bonds payable	-	-	-
Short term debt	67,497	-	67,497
Accrued interest payable	1,978	-	1,978
Other liabilities	8,319	-	8,319
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Total Liabilities	77,794	-	77,794
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	3,896	-	3,896
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	56,099	11,556	67,655
Unrestricted or (deficit)	709,455	-	709,455
Total Net Position	769,450	11,556	781,006

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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 September 30, 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	-	-	-
Investments	16,050	21,357	37,407
Accrued interest receivable	402	607	1,009
Inter-fund due to/from	1,604	2,228	3,832
Mortgage loans, notes and other loans	118,115	202,243	320,358
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	136,171	226,435	362,606
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Bonds payable	125,661	183,020	308,681
Short term debt	-	-	-
Accrued interest payable	1,425	1,580	3,005
Other liabilities	36	57	93
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Total Liabilities	127,122	184,657	311,779
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	9,049	41,778	50,827
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	9,049	41,778	50,827

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 September 30, 2014

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2007 A	Bonds 2007 B
ASSETS				
Cash	-	-	-	-
Investments	3,986	3,274	3,727	3,622
Accrued interest receivable	571	104	310	384
Inter-fund due to/from	2,666	1,216	1,371	1,386
Mortgage loans, notes and other loans	126,877	21,294	84,529	84,750
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	134,100	25,888	89,937	90,142
DEFERRED OUTFLOW OF RESOURCES	7,337	-	18,215	18,191
LIABILITIES				
Bonds payable	91,440	19,933	75,000	75,000
Short term debt	-	-	-	-
Accrued interest payable	1,035	313	931	933
Other liabilities	49	7	27	42
Derivative instrument - interest rate swaps	7,337	-	16,693	16,669
Intergovernmental payable	-	-	-	-
Total Liabilities	99,861	20,253	92,651	92,644
DEFERRED INFLOW OF RESOURCES	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	41,576	5,635	15,501	15,689
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	41,576	5,635	15,501	15,689

Schedule 4

Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
-	-	-	-	-
4,180	4,455	4,453	4,648	32,345
428	379	398	535	3,109
1,366	1,721	1,377	1,819	12,922
108,412	117,481	126,476	129,473	799,292
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
114,386	124,036	132,704	136,475	847,668
21,428	19,860	19,800	19,414	124,245
89,370	80,880	80,880	80,870	593,373
-	-	-	-	-
1,116	885	882	1,176	7,271
51	66	31	63	336
19,562	18,662	18,602	18,261	115,786
-	-	-	-	-
110,099	100,493	100,395	100,370	716,766
-	-	-	-	-
-	-	-	-	-
25,715	43,403	52,109	55,519	255,147
-	-	-	-	-
-	-	-	-	-
25,715	43,403	52,109	55,519	255,147

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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 September 30, 2014

(in thousands of dollars)

	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
ASSETS			
Cash	-	-	-
Investments	7,067	1,800	8,867
Accrued interest receivable	426	107	533
Inter-fund due to/from	642	389	1,031
Mortgage loans, notes and other loans	70,632	20,898	91,530
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	78,767	23,194	101,961
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Bonds payable	51,845	16,985	68,830
Short term debt	-	-	-
Accrued interest payable	815	284	1,099
Other liabilities	32	8	40
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Total Liabilities	52,692	17,277	69,969
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	26,075	5,917	31,992
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	26,075	5,917	31,992

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER HOUSING BONDS

As of September 30, 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	22,096	3,368	15,618	9,017
Accrued interest receivable	191	125	473	20
Inter-fund due to/from	191	206	2,928	-
Mortgage loans, notes and other loans	6,256	24,146	194,901	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	28,734	27,845	213,920	22,066
DEFERRED OUTFLOW OF RESOURCES				
	-	-	1,348	-
LIABILITIES				
Bonds payable	-	100	136,748	14,600
Short term debt	-	-	-	-
Accrued interest payable	-	2	1,569	-
Other liabilities	1	2	43	3
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Total Liabilities	1	104	138,360	14,603
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	-	27,741	76,908	7,463
Restricted by contractual or statutory agreements	28,733	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	28,733	27,741	76,908	7,463

Schedule 6

Governmental Purpose Bonds 2001 A-D	Combined Total
-	-
25,134	75,233
1,070	1,879
2,431	5,756
207,879	446,211
-	-
-	-
-	-
-	-
-	-
236,514	529,079
16,052	17,400
112,355	263,803
-	-
1,316	2,887
504	553
16,052	16,052
-	-
130,227	283,295
-	-
-	-
122,339	234,451
-	28,733
-	-
122,339	263,184

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

NON-HOUSING BONDS

As of September 30, 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	-	-	28	-
Investments	2,263	7,580	2,340	7,250
Accrued interest receivable	249	380	239	287
Inter-fund due to/from	611	1,678	1,065	1,062
Mortgage loans, notes and other loans	50,105	82,570	45,801	61,509
Net investment in direct financing lease	-	-	35,049	-
Capital assets - non-depreciable	-	-	-	2,400
Capital assets - depreciable, net	-	-	-	10,183
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	53,228	92,208	84,522	82,691
DEFERRED OUTFLOW OF RESOURCES				
	5,482	-	2,166	-
LIABILITIES				
Bonds payable	48,255	88,432	79,440	80,388
Short term debt	-	-	-	-
Accrued interest payable	6	1,333	1,249	1,297
Other liabilities	27	28	16	22
Derivative instrument - interest rate swaps	7,926	-	-	-
Intergovernmental payable	-	-	28	-
Total Liabilities	56,214	89,793	80,733	81,707
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	12,583
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	2,496	2,415	5,955	(11,599)
Total Net Position	2,496	2,415	5,955	984

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	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	-	-	-	-	-	20	48
6,860	7,452	102,888	34,094	40,005	5,602	16,300	232,634
408	709	-	-	271	922	420	3,885
1,040	1,008	-	-	1,024	2,994	1,551	12,033
88,339	130,387	-	-	97,503	119,949	103,927	780,090
-	-	-	-	-	-	8,110	43,159
-	-	-	-	-	-	-	2,400
-	-	-	-	-	-	-	10,183
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
96,647	139,556	102,888	34,094	138,803	129,467	130,328	1,084,432
-	-	-	-	-	-	7,121	14,769
101,317	147,865	104,253	33,872	140,000	136,512	126,413	1,086,747
-	-	-	-	-	-	-	-
1,354	1,372	1,531	440	87	2,281	2,133	13,083
19	17	16	4	28	37	374	588
-	-	-	-	-	-	-	7,926
-	-	-	-	-	-	19	47
102,690	149,254	105,800	34,316	140,115	138,830	128,939	1,108,391
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	12,583
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(6,043)	(9,698)	(2,912)	(222)	(1,312)	(9,363)	8,510	(21,773)
(6,043)	(9,698)	(2,912)	(222)	(1,312)	(9,363)	8,510	(9,190)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of September 30, 2014

(in thousands of dollars)

	Energy Programs	Low Rent Program	Market Rate Rental Housing Programs	Section 8 Vouchers Programs
ASSETS				
Cash	1,332	20,285	9,540	7,913
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(4,921)	(13,921)	(163)	(5,222)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	12,556	1,129	-
Capital assets - depreciable, net	-	64,172	19,832	50
Other assets	4,739	516	20	281
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	5,197	7	-	109
Total Assets	6,347	83,615	30,358	3,131
DEFERRED OUTFLOW OF RESOURCES				
	-	-	-	-
LIABILITIES				
Bonds payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	1,663	1,491	249	210
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Total Liabilities	1,663	1,491	249	210
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	76,728	20,961	50
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	6,065	5,887	9,149	2,950
Unrestricted or (deficit)	(1,381)	(491)	(1)	(79)
Total Net Position	4,684	82,124	30,109	2,921

Schedule 8

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
3	860	39,933
-	-	-
-	-	-
(445)	(2,606)	(27,278)
-	-	-
-	-	-
-	4,600	18,285
-	-	84,054
6,635	1,378	13,569
-	-	-
4,391	-	9,704
10,584	4,232	138,267
-	-	-
-	-	-
-	-	-
-	-	-
148	1	3,762
-	-	-
-	-	-
148	1	3,762
-	-	-
-	4,600	102,339
-	-	-
10,542	1,378	35,971
(106)	(1,747)	(3,805)
10,436	4,231	134,505

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 Three Months Ended September 30, 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	1,980	3,432	9,048	1,315
Investment interest	101	21	46	7
Net change in the fair value of investments	41	12	15	1
Net change of hedge termination	-	-	-	-
Total Investment Revenue	142	33	61	8
Externally funded program	320	-	-	-
Rental	-	-	-	-
Other	2,371	-	-	-
Total Operating Revenues	4,813	3,465	9,109	1,323
OPERATING EXPENSES				
Interest	26	2,258	6,822	845
Mortgage and loan costs	251	321	754	102
Financing expenses	168	10	1,003	3
Provision for loan loss	697	(450)	(447)	(170)
Operations and administration	6,149	122	300	35
Rental housing operating expenses	5	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	7,296	2,261	8,432	815
Operating Income (Loss)	(2,483)	1,204	677	508
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(50)	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(7,028)	132	99	38
Change in Net Position	(9,561)	1,336	776	546
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	781,006	50,827	255,147	31,992

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
5,096	10,531	-	31,402
391	268	3	837
(124)	72	-	17
-	82	-	82
267	422	3	936
-	-	28,385	28,705
-	-	2,182	2,182
-	-	229	2,600
5,363	10,953	30,799	65,825
2,284	8,705	-	20,940
405	648	-	2,481
26	141	-	1,351
(326)	(843)	-	(1,539)
170	461	7,045	14,282
-	-	4,661	4,666
-	-	26,031	26,031
2,559	9,112	37,737	68,212
2,804	1,841	(6,938)	(2,387)
-	-	-	(50)
-	-	-	-
(1,111)	(490)	8,360	-
1,693	1,351	1,422	(2,437)
261,491	(10,541)	133,083	1,509,908
-	-	-	-
261,491	(10,541)	133,083	1,509,908
263,184	(9,190)	134,505	1,507,471

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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 Three Months Ended September 30, 2014

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	1,980	-	1,980
Investment interest	46	55	101
Net change in the fair value of investments	95	(54)	41
Net change of hedge termination	-	-	-
Total Investment Revenue	141	1	142
Externally funded program	320	-	320
Rental	-	-	-
Other	2,371	-	2,371
Total Operating Revenues	4,812	1	4,813
OPERATING EXPENSES			
Interest	26	-	26
Mortgage and loan costs	251	-	251
Financing expenses	168	-	168
Provision for loan loss	697	-	697
Operations and administration	6,149	-	6,149
Rental housing operating expenses	5	-	5
Housing grants and subsidies	-	-	-
Total Operating Expenses	7,296	-	7,296
Operating Income (Loss)	(2,484)	1	(2,483)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	(50)	-	(50)
Special Items	-	-	-
Transfers - Internal	(7,028)	-	(7,028)
Change in Net Position	(9,562)	1	(9,561)
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	769,450	11,556	781,006

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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 Three Months Ended September 30, 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	1,384	2,048	3,432
Investment interest	10	11	21
Net change in the fair value of investments	5	7	12
Net change of hedge termination	-	-	-
Total Investment Revenue	15	18	33
Externally funded program	-	-	-
Rental	-	-	-
Other	-	-	-
Total Operating Revenues	1,399	2,066	3,465
OPERATING EXPENSES			
Interest	1,073	1,185	2,258
Mortgage and loan costs	126	195	321
Financing expenses	4	6	10
Provision for loan loss	(190)	(260)	(450)
Operations and administration	45	77	122
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
Total Operating Expenses	1,058	1,203	2,261
Operating Income (Loss)	341	863	1,204
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Items	-	-	-
Transfers - Internal	49	83	132
Change in Net Position	390	946	1,336
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	9,049	41,778	50,827

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 Three Months Ended September 30, 2014

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2007 A	Bonds 2007 B
OPERATING REVENUES				
Mortgage and loans revenue	1,790	310	982	1,008
Investment interest	6	2	4	6
Net change in the fair value of investments	1	1	2	2
Net change of hedge termination	-	-	-	-
Total Investment Revenue	7	3	6	8
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,797	313	988	1,016
OPERATING EXPENSES				
Interest	2,064	235	713	715
Mortgage and loan costs	160	21	85	84
Financing expenses	558	1	36	47
Provision for loan loss	(126)	(52)	(41)	(26)
Operations and administration	48	8	32	32
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	2,704	213	825	852
Operating Income (Loss)	(907)	100	163	164
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(400)	9	(5)	92
Change in Net Position	(1,307)	109	158	256
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	41,576	5,635	15,501	15,689

Schedule 12

Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
1,271	1,118	1,200	1,369	9,048
7	5	7	9	46
2	2	2	3	15
-	-	-	-	-
9	7	9	12	61
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,280	1,125	1,209	1,381	9,109
855	675	673	892	6,822
106	90	97	111	754
58	212	51	40	1,003
(59)	(29)	(27)	(87)	(447)
41	43	47	49	300
-	-	-	-	-
-	-	-	-	-
1,001	991	841	1,005	8,432
279	134	368	376	677
-	-	-	-	-
-	-	-	-	-
122	(88)	135	234	99
401	46	503	610	776
25,314	43,357	51,606	54,909	254,371
-	-	-	-	-
25,314	43,357	51,606	54,909	254,371
25,715	43,403	52,109	55,519	255,147

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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 Three Months Ended September 30, 2014

(in thousands of dollars)

	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	1,003	312	1,315
Investment interest	6	1	7
Net change in the fair value of investments	1	-	1
Net change of hedge termination	-	-	-
Total Investment Revenue	7	1	8
Externally funded program	-	-	-
Rental	-	-	-
Other	-	-	-
Total Operating Revenues	1,010	313	1,323
OPERATING EXPENSES			
Interest	629	216	845
Mortgage and loan costs	78	24	102
Financing expenses	2	1	3
Provision for loan loss	(133)	(37)	(170)
Operations and administration	27	8	35
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
Total Operating Expenses	603	212	815
Operating Income (Loss)	407	101	508
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Items	-	-	-
Transfers - Internal	29	9	38
Change in Net Position	436	110	546
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	26,075	5,917	31,992

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 Three Months Ended September 30, 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	104	394	2,175	41
Investment interest	149	3	10	-
Net change in the fair value of investments	(135)	-	5	5
Net change of hedge termination	-	-	-	-
Total Investment Revenue	14	3	15	5
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	118	397	2,190	46
OPERATING EXPENSES				
Interest	-	1	1,196	2
Mortgage and loan costs	5	7	184	-
Financing expenses	-	-	20	23
Provision for loan loss	(8)	(66)	(209)	-
Operations and administration	2	9	74	6
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	(1)	(49)	1,265	31
Operating Income (Loss)	119	446	925	15
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	2	(826)	(200)	26
Change in Net Position	121	(380)	725	41
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	28,733	27,741	76,908	7,463

Schedule 14

Governmental Purpose Bonds 2001 A-D	Combined Total
2,382	5,096
229	391
1	(124)
-	-
230	267
-	-
-	-
-	-
2,612	5,363
1,085	2,284
209	405
(17)	26
(43)	(326)
79	170
-	-
-	-
1,313	2,559
1,299	2,804
-	-
-	-
(113)	(1,111)
1,186	1,693
121,153	261,491
-	-
121,153	261,491
122,339	263,184

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 Three Months Ended September 30, 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	652	1,133	675	879
Investment interest	2	6	2	6
Net change in the fair value of investments	1	2	1	2
Net change of hedge termination	82	-	-	-
Total Investment Revenue	85	8	3	8
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	737	1,141	678	887
OPERATING EXPENSES				
Interest	1	998	914	886
Mortgage and loan costs	52	90	48	67
Financing expenses	19	2	2	2
Provision for loan loss	(26)	(109)	(46)	(67)
Operations and administration	19	31	17	142
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	65	1,012	935	1,030
Operating Income (Loss)	672	129	(257)	(143)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	5,717	549	2,994	(129)
Change in Net Position	6,389	678	2,737	(272)
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	2,496	2,415	5,955	984

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	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
1,990	2,013	-	-	233	1,644	1,312	10,531
6	4	-	-	1	6	235	268
1	2	38	13	5	1	6	72
-	-	-	-	-	-	-	82
7	6	38	13	6	7	241	422
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,997	2,019	38	13	239	1,651	1,553	10,953
653	764	824	209	86	1,672	1,698	8,705
85	46	-	-	21	128	111	648
4	4	18	46	37	3	4	141
(288)	(197)	-	-	180	(225)	(65)	(843)
34	50	35	11	37	46	39	461
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
488	667	877	266	361	1,624	1,787	9,112
1,509	1,352	(839)	(253)	(122)	27	(234)	1,841
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,384	(12,858)	37	103	(1,190)	(13,637)	15,540	(490)
3,893	(11,506)	(802)	(150)	(1,312)	(13,610)	15,306	1,351
(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)
(6,043)	(9,698)	(2,912)	(222)	(1,312)	(9,363)	8,510	(9,190)

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 Three Months Ended September 30, 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	-	-	-	3
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	-	-	-	3
Externally funded program	11,707	2,727	546	8,949
Rental	-	1,618	564	-
Other	-	2	8	5
Total Operating Revenues	11,707	4,347	1,118	8,957
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	677	3,492	797	1,217
Rental housing operating expenses	371	3,600	639	46
Housing grants and subsidies	11,188	10	-	8,242
Total Operating Expenses	12,236	7,102	1,436	9,505
Operating Income (Loss)	(529)	(2,755)	(318)	(548)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	1,659	1,933	482	248
Change in Net Position	1,130	(822)	164	(300)
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	4,684	82,124	30,109	2,921

Schedule 16

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
-	-	-
-	-	3
-	-	-
-	-	3
4,456	-	28,385
-	-	2,182
214	-	229
4,670	-	30,799
-	-	-
-	-	-
-	-	-
850	12	7,045
5	-	4,661
6,591	-	26,031
7,446	12	37,737
(2,776)	(12)	(6,938)
-	-	-
-	-	-
3,087	951	8,360
311	939	1,422
10,125	3,292	133,083
-	-	-
10,125	3,292	133,083
10,436	4,231	134,505

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Three Months Ended September 30, 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	1,125	3,143	8,370	1,197
Principal payments received on mortgages and loans	1,326	12,255	28,952	5,501
Purchases of mortgages and loans	(126,224)	-	-	-
Receipt (payment) for loan transfers between funds	75,367	128	(32,621)	828
Mortgage and loan proceeds	107,249	-	-	-
Payment of mortgage and loan proceeds to funds	(104,752)	-	-	-
Payments to employees and other payroll disbursements	(7,041)	-	-	-
Payments for goods and services	(4,552)	-	(400)	-
Cash received for externally funded programs	176	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(1,118)	-	-	-
Grant payments to other agencies	(3,934)	-	-	-
Other operating cash receipts	9,869	-	-	-
Other operating cash payments	(432)	-	-	-
Net cash provided by (used for) operating activities	(52,941)	15,526	4,301	7,526
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	(20,000)	(4,625)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(218)	-	-	-
Interest paid	(18)	-	(74)	(38)
Proceeds from issuance of short term debt	126,278	-	-	-
Payment of short term debt	(123,782)	-	-	-
Contributions to the State of Alaska or other State agencies	(207)	-	-	-
Transfers (to) from other funds	3,865	-	(3,984)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	5,918	-	(24,058)	(4,663)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(257)	-	-	-
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	(257)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(1,160,393)	(39,971)	(93,269)	(14,338)
Proceeds from maturity of investments	1,196,545	24,425	112,983	11,468
Interest received from investments	196	20	43	7
Net cash provided by (used for) investing activities	36,348	(15,526)	19,757	(2,863)
Net Increase (decrease) in cash	(10,932)	-	-	-
Cash at the beginning of year	41,415	-	-	-
Cash at the end of period	30,483	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(2,483)	1,204	677	508
<i>Adjustments:</i>				
Depreciation expense	117	-	-	-
Provision for loan losses	697	(450)	(447)	(170)
Net change in the fair value of investments	(41)	(12)	(15)	(1)
Transfers between funds for operating activity	(9,470)	131	1,078	(1)
Interest received from investments	(196)	(20)	(43)	(7)
Interest paid	18	-	74	38
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	(49,531)	12,383	(3,669)	6,329
Net increase (decrease) in assets, liabilities and deferred resources	7,948	2,290	6,646	830
Net cash provided by (used for) operating activities	(52,941)	15,526	4,301	7,526

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
4,620	9,663	-	28,118
11,058	20,647	-	79,739
-	-	-	(126,224)
(43,702)	-	-	-
-	-	-	107,249
-	-	-	(104,752)
-	-	(3,382)	(10,423)
-	-	(2,509)	(7,461)
-	-	29,388	29,564
-	-	7,597	7,597
-	-	(8,292)	(8,292)
-	-	1,118	-
-	-	(20,608)	(24,542)
-	48	2,695	12,612
-	(227)	(1,431)	(2,090)
(28,024)	30,131	4,576	(18,905)
-	140,000	-	140,000
(50,000)	(50,175)	-	(124,800)
-	-	-	-
-	-	-	(218)
(10)	(478)	-	(618)
-	-	-	126,278
-	-	-	(123,782)
-	-	-	(207)
50,000	(49,942)	61	-
-	-	-	-
(10)	39,405	61	16,653
-	-	(101)	(358)
-	-	10	10
-	-	-	-
-	(2,330)	-	(2,330)
-	-	-	-
-	(977)	-	(977)
-	1,734	-	1,734
-	-	-	-
-	(1,573)	(91)	(1,921)
(144,529)	(175,279)	-	(1,627,779)
172,337	107,102	-	1,624,860
226	35	3	530
28,034	(68,142)	3	(2,389)
-	(179)	4,549	(6,562)
-	227	35,384	77,026
-	48	39,933	70,464
2,804	1,841	(6,938)	(2,387)
-	119	1,651	1,887
(326)	(843)	-	(1,539)
124	(72)	-	(17)
(8)	112	8,158	-
(226)	(35)	(3)	(530)
10	1,455	-	1,595
(32,644)	20,647	-	(46,485)
2,242	6,907	1,708	28,571
(28,024)	30,131	4,576	(18,905)

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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 Three Months Ended September 30, 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	1,125	-	1,125
Principal payments received on mortgages and loans	1,326	-	1,326
Purchases of mortgages and loans	(126,224)	-	(126,224)
Receipt (payment) for loan transfers between funds	75,367	-	75,367
Mortgage and loan proceeds	107,249	-	107,249
Payment of mortgage and loan proceeds to funds	(104,752)	-	(104,752)
Payments to employees and other payroll disbursements	(7,041)	-	(7,041)
Payments for goods and services	(4,552)	-	(4,552)
Cash received for externally funded programs	176	-	176
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	(1,118)	-	(1,118)
Grant payments to other agencies	(3,934)	-	(3,934)
Other operating cash receipts	9,869	-	9,869
Other operating cash payments	(432)	-	(432)
Net cash provided by (used for) operating activities	(52,941)	-	(52,941)
<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	(218)	-	(218)
Interest paid	(18)	-	(18)
Proceeds from issuance of short term debt	126,278	-	126,278
Payment of short term debt	(123,782)	-	(123,782)
Contributions to the State of Alaska or other State agencies	(207)	-	(207)
Transfers (to) from other funds	3,865	-	3,865
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	5,918	-	5,918
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(257)	-	(257)
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	(257)	-	(257)
<u>Cash flows from investing activities:</u>			
Purchase of investments	(1,152,993)	(7,400)	(1,160,393)
Proceeds from maturity of investments	1,189,239	7,306	1,196,545
Interest received from investments	102	94	196
Net cash provided by (used for) investing activities	36,348	-	36,348
Net Increase (decrease) in cash	(10,932)	-	(10,932)
Cash at the beginning of year	41,032	383	41,415
Cash at the end of period	30,100	383	30,483
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	(2,484)	1	(2,483)
<i>Adjustments:</i>			
Depreciation expense	117	-	117
Provision for loan losses	697	-	697
Net change in the fair value of investments	(95)	54	(41)
Transfers between funds for operating activity	(9,470)	-	(9,470)
Interest received from investments	(102)	(94)	(196)
Interest paid	18	-	18
<i>Changes in assets, liabilities and deferred resources:</i>			
Net increase (decrease) in mortgages and loans	(49,531)	-	(49,531)
Net increase (decrease) in assets, liabilities and deferred resources	7,909	39	7,948
Net cash provided by (used for) operating activities	(52,941)	-	(52,941)

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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 Three Months Ended September 30, 2014

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	1,276	1,867	3,143
Principal payments received on mortgages and loans	5,772	6,483	12,255
Purchases of mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	-	128	128
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	7,048	8,478	15,526
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	-	-	-
Proceeds from issuance of short term debt	-	-	-
Payment of short term debt	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers (to) from other funds	-	-	-
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	-	-	-
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	(20,192)	(19,779)	(39,971)
Proceeds from maturity of investments	13,134	11,291	24,425
Interest received from investments	10	10	20
Net cash provided by (used for) investing activities	(7,048)	(8,478)	(15,526)
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)	341	863	1,204
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(190)	(260)	(450)
Net change in the fair value of investments	(5)	(7)	(12)
Transfers between funds for operating activity	49	82	131
Interest received from investments	(10)	(10)	(20)
Interest paid	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>			
Net increase (decrease) in mortgages and loans	5,772	6,611	12,383
Net increase (decrease) in assets, liabilities and deferred resources	1,091	1,199	2,290
Net cash provided by (used for) operating activities	7,048	8,478	15,526

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 Three Months Ended September 30, 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	1,631	298	901	945
Principal payments received on mortgages and loans	3,772	1,371	2,453	3,263
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(1,420)	309	(3,507)	(4,154)
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	3,583	1,978	(153)	54
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(20,000)	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(74)	-	-	-
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	(20,545)	-	(104)	(577)
<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	(9,016)	(3,079)	(9,469)	(10,712)
Proceeds from maturity of investments	25,973	1,100	9,722	11,230
Interest received from investments	5	1	4	5
Net cash provided by (used for) investing activities	16,962	(1,978)	257	523
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)	(907)	100	163	164
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(126)	(52)	(41)	(26)
Net change in the fair value of investments	(1)	(1)	(2)	(2)
Transfers between funds for operating activity	198	9	99	92
Interest received from investments	(5)	(1)	(4)	(5)
Interest paid	74	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	2,352	1,680	(1,054)	(891)
Net increase (decrease) in assets, liabilities and deferred resources	1,998	243	686	722
Net cash provided by (used for) operating activities	3,583	1,978	(153)	54

Schedule 20

Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
1,175	1,046	1,111	1,263	8,370
3,821	3,908	4,441	5,923	28,952
-	-	-	-	-
(5,233)	(5,103)	(6,074)	(7,439)	(32,621)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(400)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(237)	(149)	(522)	(253)	4,301
-	-	-	-	-
-	-	-	-	(20,000)
-	-	-	-	-
-	-	-	-	(74)
-	-	-	-	-
-	-	-	-	-
(863)	(319)	(565)	(1,085)	(3,984)
-	-	-	-	-
(863)	(319)	(565)	(1,085)	(24,058)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(13,259)	(12,679)	(15,446)	(19,609)	(93,269)
14,352	13,142	16,526	20,938	112,983
7	5	7	9	43
1,100	468	1,087	1,338	19,757
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
279	134	368	376	677
-	-	-	-	-
(59)	(29)	(27)	(87)	(447)
(2)	(2)	(2)	(3)	(15)
122	189	135	234	1,078
(7)	(5)	(7)	(9)	(43)
-	-	-	-	74
(1,412)	(1,195)	(1,633)	(1,516)	(3,669)
842	759	644	752	6,646
(237)	(149)	(522)	(253)	4,301

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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 Three Months Ended September 30, 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	916	281	1,197
Principal payments received on mortgages and loans	4,629	872	5,501
Purchases of mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	625	203	828
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	6,170	1,356	7,526
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(4,375)	(250)	(4,625)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(35)	(3)	(38)
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	(4,410)	(253)	(4,663)
<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	(11,950)	(2,388)	(14,338)
Proceeds from maturity of investments	10,184	1,284	11,468
Interest received from investments	6	1	7
Net cash provided by (used for) investing activities	(1,760)	(1,103)	(2,863)
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)	407	101	508
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(133)	(37)	(170)
Net change in the fair value of investments	(1)	-	(1)
Transfers between funds for operating activity	(10)	9	(1)
Interest received from investments	(6)	(1)	(7)
Interest paid	35	3	38
<i>Changes in assets, liabilities and deferred resources:</i>			
Net increase (decrease) in mortgages and loans	5,254	1,075	6,329
Net increase (decrease) in assets, liabilities and deferred resources	624	206	830
Net cash provided by (used for) operating activities	6,170	1,356	7,526

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Three Months Ended September 30, 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	100	397	1,853	125
Principal payments received on mortgages and loans	327	750	5,104	625
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	27	-
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	427	1,147	6,984	750
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	(50,000)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	(8)	(2)
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	-	-	50,000	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	(8)	(2)
<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	(9,041)	(4,998)	(115,890)	(1,550)
Proceeds from maturity of investments	8,411	3,848	108,904	802
Interest received from investments	203	3	10	-
Net cash provided by (used for) investing activities	(427)	(1,147)	(6,976)	(748)
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)	119	446	925	15
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(8)	(66)	(209)	-
Net change in the fair value of investments	135	-	(5)	(5)
Transfers between funds for operating activity	2	1	(344)	26
Interest received from investments	(203)	(3)	(10)	-
Interest paid	-	-	8	2
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	327	750	5,131	625
Net increase (decrease) in assets, liabilities and deferred resources	55	19	1,488	87
Net cash provided by (used for) operating activities	427	1,147	6,984	750

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

NON-HOUSING BONDS

For the Three Months Ended September 30, 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	587	1,053	593	841
Principal payments received on mortgages and loans	1,475	3,740	790	2,745
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	-	-	-	-
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	-	-	28	-
Other operating cash payments	-	-	(136)	-
Net cash provided by (used for) operating activities	2,062	4,793	1,275	3,586
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(175)	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(346)	-	-	-
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)	-	-	-
<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)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(977)	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(3,307)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(4,319)	(12,996)	(3,649)	(15,153)
Proceeds from maturity of investments	6,083	8,197	2,264	11,562
Interest received from investments	2	6	2	5
Net cash provided by (used for) investing activities	1,766	(4,793)	(1,383)	(3,586)
Net Increase (decrease) in cash	-	-	(108)	-
Cash at the beginning of year	-	-	136	-
Cash at the end of period	-	-	28	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	672	129	(257)	(143)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	119
Provision for loan losses	(26)	(109)	(46)	(67)
Net change in the fair value of investments	(1)	(2)	(1)	(2)
Transfers between funds for operating activity	100	124	142	(1)
Interest received from investments	(2)	(6)	(2)	(5)
Interest paid	1,323	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net increase (decrease) in mortgages and loans	1,475	3,740	790	2,745
Net increase (decrease) in assets, liabilities and deferred resources	(1,479)	917	649	940
Net cash provided by (used for) operating activities	2,062	4,793	1,275	3,586

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	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
2,098	1,797	-	-	-	1,484	1,210	9,663
2,177	1,190	-	-	-	4,083	4,447	20,647
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	20	48
-	-	-	-	-	-	(91)	(227)
4,275	2,987	-	-	-	5,567	5,586	30,131
-	-	-	-	140,000	-	-	140,000
(50,000)	-	-	-	-	-	-	(50,175)
-	-	-	-	-	-	-	-
(10)	(122)	-	-	-	-	-	(478)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50,005	53	-	-	(100,000)	-	-	(49,942)
-	-	-	-	-	-	-	-
(5)	(69)	-	-	40,000	-	-	39,405
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(2,330)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(977)
-	-	-	-	-	-	1,734	1,734
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,734	(1,573)
(65,207)	(12,402)	-	-	(40,000)	(9,495)	(12,058)	(175,279)
60,932	9,480	-	-	-	3,923	4,661	107,102
5	4	-	-	-	5	6	35
(4,270)	(2,918)	-	-	(40,000)	(5,567)	(7,391)	(68,142)
-	-	-	-	-	-	(71)	(179)
-	-	-	-	-	-	91	227
-	-	-	-	-	-	20	48
1,509	1,352	(839)	(253)	(122)	27	(234)	1,841
-	-	-	-	-	-	-	119
(288)	(197)	-	-	180	(225)	(65)	(843)
(1)	(2)	(38)	(13)	(5)	(1)	(6)	(72)
(704)	(70)	37	11	359	(48)	162	112
(5)	(4)	-	-	-	(5)	(6)	(35)
10	122	-	-	-	-	-	1,455
2,177	1,190	-	-	-	4,083	4,447	20,647
1,577	596	840	255	(412)	1,736	1,288	6,907
4,275	2,987	-	-	-	5,567	5,586	30,131

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Three Months Ended September 30, 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	(292)	(1,790)	(413)	(720)
Payments for goods and services	(353)	(1,567)	(277)	(105)
Cash received for externally funded programs	17,033	3,506	546	1,292
Cash received for Federal HAP subsidies	-	-	-	7,597
Payments for Federal HAP subsidies	-	-	-	(8,292)
Interfund receipts (payments)	(1,754)	2,185	(179)	883
Grant payments to other agencies	(14,694)	-	-	(5)
Other operating cash receipts	31	1,620	574	206
Other operating cash payments	-	(18)	(1)	(66)
Net cash provided by (used for) operating activities	(29)	3,936	250	790
<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	-	1	(1)	117
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	1	(1)	117
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	(40)	(34)	(27)
Proceeds from the disposal of capital assets	-	2	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	-	(38)	(26)	(27)
<u>Cash flows from investing activities:</u>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	-	-	-	3
Net cash provided by (used for) investing activities	-	-	-	3
Net Increase (decrease) in cash	(29)	3,899	223	883
Cash at the beginning of year	1,361	16,386	9,317	7,030
Cash at the end of period	1,332	20,285	9,540	7,913
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(529)	(2,755)	(318)	(548)
<i>Adjustments:</i>				
Depreciation expense	-	1,342	305	4
Provision for loan losses	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	1,659	1,925	349	131
Interest received from investments	-	-	-	(3)
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	(1,159)	3,424	(86)	1,206
Net cash provided by (used for) operating activities	(29)	3,936	250	790

Schedule 24

Other Grants	Alaska Corporation for Affordable Housing	Combined Total
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(167)	-	(3,382)
(207)	-	(2,509)
7,011	-	29,388
-	-	7,597
-	-	(8,292)
(936)	919	1,118
(5,909)	-	(20,608)
264	-	2,695
-	(1,346)	(1,431)
56	(427)	4,576

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(56)	-	61
-	-	-
(56)	-	61

-	-	(101)
-	-	10
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	(91)

-	-	-
-	-	-
-	-	3
-	-	3

-	(427)	4,549
3	1,287	35,384
3	860	39,933

(2,776)	(12)	(6,938)
-	-	1,651
-	-	-
-	-	-
3,143	951	8,158
-	-	(3)
-	-	-
-	-	-
(311)	(1,366)	1,708
56	(427)	4,576

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