

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

Alaska
Housing
FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements
And Independent Auditor's Report

June 30, 2010

With Summarized Financial Information for
June 30, 2009

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FINANCIAL STATEMENTS

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Independent Auditor's Report

The Board of Directors
Alaska Housing Finance Corporation:

We have audited the accompanying statements of net assets, revenues, expenses, and changes in net assets and cash flows of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation (the Corporation) as of and for the year ended June 30, 2010, which collectively comprise the Corporation's basic financial statements. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2009 financial statements and in our report dated October 8, 2009, we expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 20, 2010, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Board of Directors
Alaska Housing Finance Corporation:

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole

Mikunda, Cottrell & Co.

Anchorage, Alaska
September 20, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation's ("the Corporation") consists of three sections: management's discussion and analysis, the basic financial statements and supplementary schedules. The Corporation's operations are business type activities and follow enterprise fund accounting. The Corporation is a component unit of the State of Alaska ("the State") and is discretely presented in the State's financial statements. The Corporation's basic financial statements include: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; the Statement of Cash Flows and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and programs, with a dual focus on the Corporation as a whole (entity-wide) and on its major funds. Summarized financial information for FY 2009 is also presented and is intended to facilitate and enhance understanding of the Corporation's financial position, results of operations and cash flows for the current fiscal year in comparison to the prior fiscal year.

Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended June 30, 2010. This information is being presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

Basic Financial Statements

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For the fiscal year 2010, the Corporation reports the following major funds:

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

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

As of June 30, 2010, the Administrative Fund reported net assets of \$820 million, a decrease of \$108 million from June 30, 2009. The decrease in net assets can be primarily attributed to Operating income of \$23 million offset by internal transfers from the Administrative fund of \$98 million and by contributions to the State of Alaska of \$33 million. Approximately \$136 million, or 17%, of the Administrative Fund's net assets are restricted by contractual or statutory agreements and \$684 million, or 83%, are unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The Administrative Fund reported operating income of \$23 million for FY 2010, a \$15 million decrease from FY 2009 due primarily to a \$19 million decrease in loan revenue, a \$4 million decrease in investment income offset by a \$5 million increase in the fair value of investments and a \$3 million decrease in interest paid.

The *Energy Programs* account for resources and programs used to assist in improving the energy efficiency of Alaska homes. These programs include the Weatherization and Home Energy Rebate programs.

The Corporation's *Other Non-Major Funds* include individual funds for First Time Homebuyer Bonds, Veterans Mortgage Program Bonds, Other Housing Bonds, Non-Housing Bonds, Other Program Funds and Revolving Funds. Supplementary schedules present these funds.

FINANCIAL HIGHLIGHTS

- As a result of this year's operations, the Corporation's operating loss was \$10 million, down 146% from FY 2009. Profitability, based on operating income, as measured by the adjusted return on average assets (excluding the change in the fair value of investments) decreased to a negative 1% at June 30, 2010, compared to a positive 1.2% at June 30, 2009. The net change in the fair value of investments has been removed from the ratio due to the volatility of the return.
- The Corporation's assets exceeded its liabilities, as of June 30, 2010, by \$1.6 billion (net assets).
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2010, mortgage loans decreased by 7%, due to collection of loan payments exceeding new loan purchases.
- During the fiscal year ended June 30, 2010, the Corporation's total assets decreased by \$63 million and total liabilities, without derivatives, decreased by \$17 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

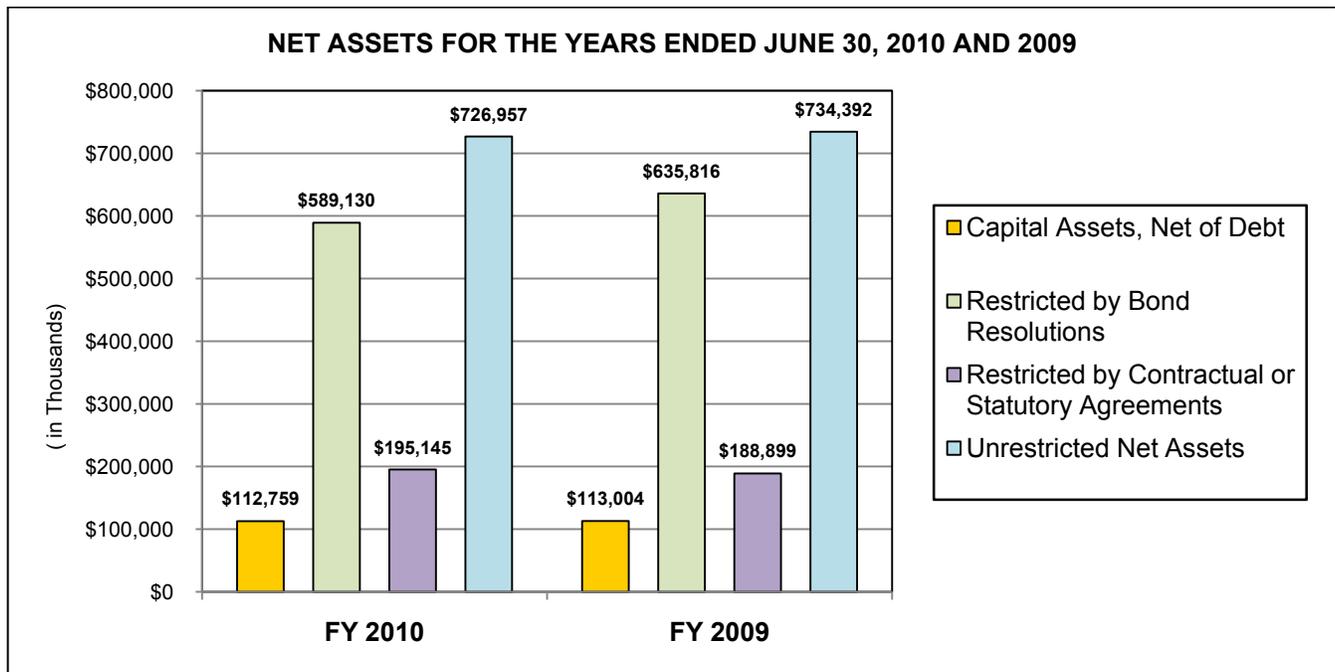
CONDENSED STATEMENT OF NET ASSETS

The following table presents condensed information about the financial position of the Corporation as of June 30, 2010 and 2009, and changes in the balances of selected items during the fiscal year ended June 30, 2010 (in thousands):

	2010	2009	Change	Increase
			(Decrease)	
Investments	1,389,605	1,247,669	141,936	11.4 %
Mortgage loans, notes and other loans, net	2,971,253	3,195,444	(224,191)	(7.0) %
Capital assets, net	112,759	113,004	(245)	(0.2) %
Total assets	4,668,918	4,731,425	(62,507)	(1.3) %
Bonds and notes, net	2,832,647	2,869,153	(36,506)	(1.3) %
Short term debt	149,890	149,724	166	0.1 %
Total liabilities, without derivatives	3,042,559	3,059,314	(16,755)	(0.5) %
Total net assets, net	1,623,991	1,672,111	(48,120)	(2.9) %

The decrease in total assets during FY 2010 can be primarily attributed to increases in cash and in investments offset by a decrease in mortgage loans resulting from collection of loan payments exceeding new loan purchases. The decrease in total liabilities is primarily attributed to a decrease of bond debt offset by an increase in intergovernmental payable.

The chart below represents the classification of unrestricted and restricted net assets, and capital assets, net of debt, for FY 2010 and FY 2009.

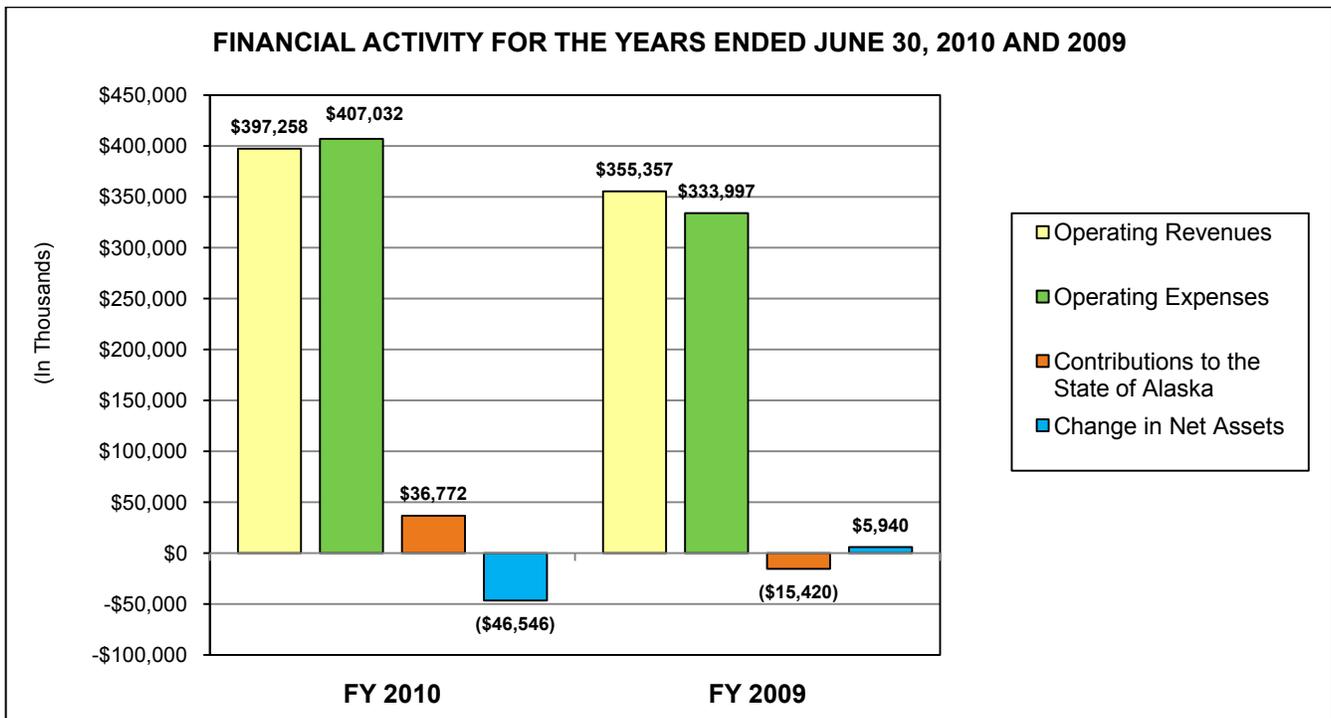


MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following table presents condensed information about the revenues, expenses and changes in net assets for the fiscal years ended June 30, 2010 and 2009, and the variances from the prior fiscal year (in thousands):

	2010	2009	Change	Increase
			(Decrease)	
Mortgage and loan revenue	177,855	205,138	(27,283)	(13.3) %
Investment interest income	11,605	25,148	(13,543)	(53.9) %
Net change in the fair value of investments	6,317	570	5,747	1008.2 %
Externally funded programs	191,968	112,587	79,381	70.5 %
Total operating revenues	397,258	355,357	41,901	11.8 %
Interest expense	130,789	149,021	(18,232)	(12.2) %
Operations and administration	49,678	51,421	(1,743)	(3.4) %
Housing grants and subsidies	194,883	106,480	88,403	83.0 %
Total operating expenses	407,032	333,997	73,035	21.9 %
Operating income	(9,774)	21,360	(31,134)	(145.8) %
Contributions to the SOA or other State agencies	(36,772)	(15,420)	21,352	138.5 %
Change in net assets	(46,546)	5,940	(52,486)	(883.6) %



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues increased by a net amount of \$42 million, or 12%, during FY 2010 primarily due to an increase in externally funded programs offset by decreases in mortgage and loan revenue and in investment interest. Total operating expenses increased by \$73 million, or 22% during FY 2010 primarily due to payments out in housing grants and subsidies offset by a decrease in interest expense. The net effect of changes in operating revenues and expenses was a \$31 million or 146% decrease in operating income from FY 2009.

The Corporation continued its series of annual payments to the State of Alaska and State agencies. As a result of a modification to the Transfer Plan during the 2004 Legislative Session, transfers to the State for FY 2010 were \$37 million and for FY 2009 were \$15 million. In FY 2010 the Transfer Plan called for payment of the lesser of \$103 million or 75% of the Corporation's adjusted net income. Subsequent to GASB 34, the Corporation interprets net income as operating income.

DEBT ADMINISTRATION

As of June 30, 2010, the Corporation had \$2.8 billion of bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's debt is rated by three major rating agencies. The ratings assigned to the Corporation by each of those agencies are:

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

Significant debt activity during the year included the following:

- Issued \$355 million in Tax-Exempt Home Mortgage Revenue Bonds;
- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of \$207 million;
- Current refunding of \$80 million of General Mortgage Revenue Bonds 1999 Series;

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

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

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

ALASKA HOUSING FINANCE CORPORATION

Exhibit A

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

As of June 30, 2010

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2010
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	37,812	1,945	19,461	59,218
Investments	724,743	-	664,862	1,389,605
Accrued interest receivable	1,474	-	13,173	14,647
Inter-fund due to/from	(27,988)	(13,960)	41,948	-
Mortgage loans, notes and other loans	258,392	-	2,712,861	2,971,253
Net investment in direct financing lease	-	-	61,222	61,222
Unamortized bond issuance costs	-	-	19,751	19,751
Capital assets - non-depreciable	139	89	16,239	16,467
Capital assets - depreciable, net	500	12	95,780	96,292
Other assets	9,264	4,965	11,545	25,774
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	13,623	1,066	14,689
Deferred outflow of resources	-	-	127,899	127,899
Total Assets and Deferred Outflows	1,004,336	6,674	3,785,807	4,796,817
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	2,832,647	2,832,647
Short term debt	149,890	-	-	149,890
Accrued interest payable	1,091	-	11,679	12,770
Other liabilities	8,041	4,876	5,799	18,716
Derivative instrument - interest rate swaps	-	-	130,267	130,267
Intergovernmental payable	25,257	-	3,279	28,536
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	184,279	4,876	2,983,671	3,172,826
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	639	101	112,019	112,759
Restricted by bond resolutions	-	-	589,130	589,130
Restricted by contractual or statutory agreements	136,125	2,027	56,993	195,145
Unrestricted net assets, (deficit)	683,293	(330)	43,994	726,957
Total Net Assets	820,057	1,798	802,136	1,623,991

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Exhibit B

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2010
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	19,318	-	158,537	177,855
Investment interest	1,193	4	10,408	11,605
Net change in the fair value of investments	6,092	-	225	6,317
Net change of hedge termination	-	-	(794)	(794)
Total Investment Revenue	7,285	4	9,839	17,128
Externally funded programs	-	94,931	97,037	191,968
Rental	-	-	8,697	8,697
Other	1,235	1	374	1,610
Total Operating Revenues	27,838	94,936	274,484	397,258
<u>OPERATING EXPENSES</u>				
Interest	866	-	129,923	130,789
Mortgage and loan costs	2,523	-	10,186	12,709
Financing expenses	701	-	6,755	7,456
Provision for loan loss	(1,536)	-	2,051	515
Operations and administration	2,166	3,796	43,716	49,678
Rental housing operating expenses	58	4	10,940	11,002
Housing grants and subsidies	-	92,965	101,918	194,883
Total Operating Expenses	4,778	96,765	305,489	407,032
Operating Income (Loss)	23,060	(1,829)	(31,005)	(9,774)
<u>NONOPERATING EXPENSES, SPECIAL ITEM & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(33,103)	-	(3,669)	(36,772)
Transfers - Internal	(98,709)	9,118	89,591	-
Change in Net Assets	(108,752)	7,289	54,917	(46,546)
Net assets at beginning of year	928,809	(5,491)	748,793	1,672,111
Cummulative effect of accounting change	-	-	(1,574)	(1,574)
Revised net assets at beginning of year	928,809	(5,491)	747,219	1,670,537
Net Assets at End of Period	820,057	1,798	802,136	1,623,991

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2010

(in thousands of dollars)

Exhibit C

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2010
Cash flows from operating activities:				
Interest income on mortgages and loans	17,310	-	149,931	167,241
Principal payments received on mortgages and loans	45,290	-	456,404	501,694
Purchases of mortgages and loans	(295,755)	-	-	(295,755)
Receipt (payment) for loan transfers between funds	324,311	-	(324,311)	-
Payments to employees and other payroll disbursements	(20,089)	(1,080)	(11,868)	(33,037)
Payments for goods and services	(12,254)	(2,986)	(8,449)	(23,689)
Cash received for externally funded programs	-	99,730	56,911	156,641
Cash received for Federal HAP subsidies	-	-	38,813	38,813
Payments for Federal HAP subsidies	-	-	(38,963)	(38,963)
Interfund Receipts	884,158	95,300	704,110	1,683,568
Interfund Payments	(897,161)	(99,578)	(686,829)	(1,683,568)
Grant payments to other agencies	(23,244)	(91,147)	(41,284)	(155,675)
Other operating cash receipts	3,262	185	25,498	28,945
Other operating cash payments	(1,591)	-	(694)	(2,285)
Net cash provided by (used for) operating activities	24,237	424	319,269	343,930
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	354,576	354,576
Principal paid on bonds	-	-	(373,640)	(373,640)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,177)	-	-	(1,177)
Interest paid	(874)	-	(138,854)	(139,728)
Proceeds from issuance of short term debt	775,000	-	-	775,000
Payment of short term debt	(774,800)	-	-	(774,800)
Contributions to the State of Alaska or other State agencies	(9,699)	-	(3,669)	(13,368)
Transfers (to) from other funds	15,537	-	(15,537)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	3,987	-	(177,124)	(173,137)
Cash flows from capital financing activities:				
Acquisition of capital assets	(2,583)	(88)	(4,275)	(6,946)
Proceeds from the disposal of capital assets	3	-	17	20
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(3,620)	(3,620)
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(3,279)	(3,279)
Proceeds from the direct financing lease payments	-	-	6,771	6,771
Other cash payments	(250)	-	-	(250)
Net cash provided by (used for) capital financing activities	(2,830)	(88)	(4,386)	(7,304)
Cash flows from investing activities:				
Purchase of investments	(4,601,132)	(1)	(3,383,732)	(7,984,865)
Proceeds from maturity of investments	4,602,819	1,605	3,242,432	7,846,856
Interest received from investments	1,413	5	7,600	9,018
Net cash provided by (used for) investing activities	3,100	1,609	(133,700)	(128,991)
Net Increase (decrease) in cash	28,494	1,945	4,059	34,498
Cash at the beginning of year	9,318	-	15,402	24,720
Cash at the end of period	37,812	1,945	19,461	59,218
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	23,060	(1,829)	(31,005)	(9,774)
<i>Adjustments:</i>				
Depreciation expense	210	4	6,324	6,538
Provision for loan losses	(1,536)	-	2,051	515
Amortization of bond issuance costs	-	-	4,291	4,291
Net change in the fair value of investments	(6,092)	-	(225)	(6,317)
Transfers between funds for operating activity	(60,089)	9,118	50,971	-
Interest received from investments	(1,413)	(5)	(7,600)	(9,018)
Interest paid	874	-	142,133	143,007
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	73,846	-	132,093	205,939
Net increase (decrease) in assets and liabilities	(4,623)	(6,864)	20,236	8,749
Net cash provided by (used for) operating activities	24,237	424	319,269	343,930
Noncash investing, capital and financing activities:				
Transfer of investments	462	-	(462)	-
Cancellation of AHFC bonds held as investments	(2,500)	-	2,500	-
Deferred outflow of resources	-	-	127,899	-
Transfer of other liabilities	(40)	-	40	-
Derivative instruments liability	-	-	(130,267)	-
Net change of hedge termination	-	-	(794)	-
Cummulative effect of accounting change	-	-	1,574	-

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOOTNOTE INDEX

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2009)

1 AUTHORIZING LEGISLATION AND FUNDING

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

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

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

The Northern Tobacco Securitization Corporation (NTSC) was incorporated in the State of Alaska pursuant to House Bill No. 281 of the Alaska Legislature, as a subsidiary of the Corporation. There is no financial accountability between NTSC and the Corporation. Neither the Corporation nor the State is liable for any debt issued by NTSC. NTSC is not a component unit of the Corporation and thus is not included in the Corporation's financial statements. NTSC is a government instrumentality of, but separate and apart from, the State and is reported as a blended component unit in the State's financial statements.

In accordance with the Legislature's intent, the Corporation formed a subsidiary, the Alaska Housing Capital Corporation (AHCC), under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. AHCC was incorporated on May 23, 2006, as a public corporation and government instrumentality of, but having a legal existence independent of and separate from, the State of Alaska. AHCC is a subsidiary of, but separate and apart from, the Corporation. There is no financial accountability between AHCC and the Corporation. AHCC is not a component unit of the Corporation and thus is not included in the Corporation's financial statements.

The Alaska Gasline Development Corporation (AGDC) was incorporated in the State of Alaska pursuant to House Bill No. 369 of the 2010 Alaska Legislature, as a subsidiary of the Corporation, under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56) as amended. AGDC is separate and legally apart from the Corporation with no financial accountability between the two corporations. AGDC is a government instrumentality of, but separate and apart from, the State. AGDC is not a component unit of Corporation and thus is not included in the Corporation's financial statements. AGDC was incorporated on May 14, 2010 with little activity during the fiscal year 2010. The initial stand alone financial statements of AGDC will be issued in fiscal year 2011 which will include activity from the inception of AGDC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

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

NOTES TO FINANCIAL STATEMENTS

Major and Non-Major Funds

The Corporation reports the following major and non-major funds:

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

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

Other Non-Major Funds. Resources to assist in the financing, development and sale of housing units, public housing assistance programs, and home loan programs are aggregated and reported in Other Non-Major Funds.

Restricted Net Assets

The restricted net asset amounts of the Administrative Fund consist of the Corporation's remaining commitments to the State (refer to Footnote No. 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 asset balance pursuant to reporting requirements.

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

Use of Estimates

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

Investments

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

Accrued Interest Receivable on Loans and Real Estate Owned

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

Loans and Allowances for Estimated Loan Losses

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

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

NOTES TO FINANCIAL STATEMENTS

Real Estate and Mobile Homes Owned

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

Depreciation

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

Bonds and Notes

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

Derivative Instruments-Interest Rate Swaps

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

Operating Revenues and Expenses

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

Income Taxes

The Corporation is exempt from federal and state income taxes.

NOTES TO FINANCIAL STATEMENTS

3 CASH AND INVESTMENTS

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

	June 30, 2010	June 30, 2009
Restricted cash	\$ 21,407	\$ 15,402
Unrestricted	37,811	9,318
Carrying amount	<u>\$ 59,218</u>	<u>\$ 24,720</u>
Bank Balance	<u>\$ 62,323</u>	<u>\$ 25,871</u>

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

	Investment Maturities (In Years)				June 30, 2010	June 30, 2009
	Less Than 1	1-5	6-10	More Than 10		
Bank investment contracts	\$ 101,004	\$ -	\$ -	\$ -	\$ 101,004	\$ 88,465
U. S. Treasury securities	16,346	6,255	-	-	22,601	27,458
Securities of U. S. Government agencies and corporations	6,290	1,860	174	12	8,336	5,460
Asset-backed securities	313	-	-	-	313	391
Certificates of deposit	-	-	-	-	-	10,000
Negotiable certificates of deposit	-	-	-	-	-	49,018
Commercial paper and medium-term notes	39,453	3,306	-	-	42,759	394,122
Guaranteed investment contracts	-	-	-	-	-	385
Money market funds	759,942	-	-	-	759,942	672,370
Subtotal	<u>\$ 923,348</u>	<u>\$ 11,421</u>	<u>\$ 174</u>	<u>\$ 12</u>	934,955	1,247,669
GeFONSI pool					454,650	-
Total AHFC Portfolio					<u>\$ 1,389,605</u>	<u>\$ 1,247,669</u>

Restricted Investments

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

	June 30, 2010	June 30, 2009
Restricted investments	\$ 800,987	\$ 659,075
Unrestricted	588,618	588,594
Carrying amount	<u>\$ 1,389,605</u>	<u>\$ 1,247,669</u>

Realized Gains and Losses

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

	June 30, 2010	June 30, 2009
Ending unrealized holding gain	\$ 5,265	\$ 1,937
Beginning unrealized holding gain	1,937	1,644
Net change in unrealized holding gain	3,328	293
Net realized gain (loss)	2,989	277
Net increase (decrease) in fair value	<u>\$ 6,317</u>	<u>\$ 570</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 trust or non-trust, and this determines the applicable investment guidelines used by staff when making investment decisions.

The Corporation's Fiscal Policies provide investment guidelines for non-trusted funds. Funds are invested according to anticipated use: those that must remain immediately available to provide working capital are invested in short-term, highly liquid securities, while those not expected to be used in the short-term are invested in longer-term securities.

The following securities are eligible for investment under the Corporation's fiscal policies:

- Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States;
- Obligations of U.S. Government-sponsored agencies, including mortgage-backed securities, that are not backed by the full faith and credit of the U.S. Government;
- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (having maturities of not more than 365 days) of, and deposits with, any bank the short-term obligations of which have been rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Deposits in and investments of a commercial bank or credit union which are fully insured by the FDIC or NCUA or, to the extent not insured by the FDIC or NCUA, provide for the pledge of collateral maintained at a minimum level of 105% and valued at least monthly;
- Debt obligations, other than those that do not have a fixed par value or terms that do not promise a fixed dollar amount at maturity or call date, rated at least "AA" by S&P or "Aa" by Moody's or "AA" by Fitch if maturing in excess of one year, and "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Asset-backed securities, other than commercial paper and those that do not have a fixed par value or terms that do not promise a fixed dollar amount at maturity or call date, rated at least "AA" by S&P or "Aa" by Moody's or "AA" by 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) with a corporation or other entity which has long-term debt ratings of at least "A" by S&P or "A" by Moody's or "A" by Fitch or short-term ratings of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and where collateral is maintained at a minimum level of 102%, valued on a daily basis;
- Money market funds which are rated at least "AAm" or "AAm-G" by S&P or "Aa" by Moody's or "V-1+" by Fitch;
- Investment agreements or guaranteed investment contracts with an insurance company, bank or other financial institution having an outstanding unsecured long-term obligations rating, or a claims paying or investment agreement rating of at least "AA" by S&P or "Aa" 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 "F1" by Fitch;
- Floating rate notes issued by entities having outstanding unsecured long-term obligations rated "AA" by S&P or "Aa" by Moody's or "AA" by Fitch, or, if the term of the floating rate note is one year or less, having outstanding short-term obligations rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch; with interest rates subject to adjustment at least every 100 days; and with a maximum maturity of three years or less, or an optional tender available to bondholders no less frequently than every interest rate reset date;
- Adjustable rate funds, provided they are rated "AAA" credit and "S-1" volatility by S&P and "Aaa" by Moody's;
- International Bank for Reconstruction & Development debt obligations rated "AAA" by S&P or "Aaa" by Moody's or "AAA" by Fitch.

Trusted funds are invested according to the terms outlined in their respective indentures or governing agreements, which generally mandate the purchase of relatively short-term, high-quality, fixed income securities. In those rare instances, if any, where an indenture or governing agreement is less restrictive than the Corporation's fiscal policies for non-trust funds, the investment will be made in accordance with the more restrictive fiscal policies.

NOTES TO FINANCIAL STATEMENTS

Credit Risk

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

The credit quality ratings of the Corporation's investments as of June 30, 2010, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). \$22,601,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore, are not included in the summary.

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

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and Corporations:	Aaa	AAA	\$ 8,336
Asset-backed securities:	Aaa	AAA	313
Negotiable certificates of deposit:	P-1	A-1+	-
	Aa2	AA-	-
Commercial paper & medium-term notes:	--	A-1	-
	A1	AA-	537
	Aa1	AAA	-
	Aa1	A+	155
	Aa1	AA	285
	Aa1	AA-	-
	Aa1	AA+	-
	Aa2	AA	-
	Aa2	AA-	-
	Aa2	A+	-
	Aa3	AA	-
	Aa3	AA-	270
	Aa3	A+	314
	Aaa	AAA	3,579
	Aaa	AAAE	512
	Aaae	AAA	-
	P-1	A-1+	24,910
	P-1	A-1	12,197
			42,759
Money market funds:	--	AAAm	759,942
<u>Unrated investments:</u>			
Bank investment contracts			101,004
Guaranteed investment contracts			-
			101,004
			\$ 912,354

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.state.ak.us/financials/fiscal_policies.cfm

Investment Type	Investment Issuer Limit	
General obligations of the United States	100%	100%
Securities of U.S. Government agencies and corporations	65%	35%
Corporate and non-corporate (including the following):	60%	5%
<ul style="list-style-type: none"> • Adjustable rate funds • Bank investment contracts • Certificates of deposit • Commercial paper & medium-term notes • Deposits in and investments of a commercial bank or credit union • Floating or variable rate notes • Guaranteed investment contracts • Money market funds • Repurchase agreements 		
Mortgage and asset-backed securities	20%	5%

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. Investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments are excluded from this summary. As of June 30, 2010, 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	\$ 454,650	32.72 %
Fidelity Prime	201,964	14.53
GSE Global Escrow Agreement	193,209	13.90
Federated Investment Prime	185,607	13.36
AIM STIT	154,115	11.09
Bayerische Landesbank	101,004	7.27

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 \$62,323,000 bank balance at June 30, 2010, cash deposits in the amount of \$46,811,000 were uninsured and uncollateralized.

Of the Corporation's \$1,390,000,000 investments at June 30, 2010, \$175,013,000 were uninsured, unregistered, and held by the counterparty or its agent, but not in the Corporation's name.

Interest Rate Risk

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

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

NOTES TO FINANCIAL STATEMENTS

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands) with their modified duration as of June 30, 2010:

	Investment Fair Value	Modified Duration
Bank investment contracts	\$ 101,004	-
U. S. Treasury securities:		
Treasury coupon securities	6,733	2.889
Treasury discounts	15,868	0.096
Securities of U. S. Government agencies and corporations:		
Federal agency discounts	4,200	0.119
Federal agency coupon securities	3,950	1.077
Federal agency pass through securities	186	4.110
Asset-backed securities	313	-
Certificates of deposit	-	-
Negotiable certificates of deposit	-	-
Commercial paper & medium-term notes:		
Commercial paper discounts	38,607	0.069
Corporate bonds	1,356	1.583
Medium-term notes	2,126	1.529
Municipal bonds	285	13.136
Floating rate notes federal agency	385	1.047
Banker's Acceptances	-	-
Guaranteed investment contracts	-	-
Money market funds	759,942	-
	<u>\$ 934,955</u>	
Portfolio modified duration		0.028

A minimal percentage of the Corporation's total investment portfolio is municipal bonds, which are relatively more sensitive to changing interest rates than the rest of the Corporation's investment portfolio. Municipal bonds held as of June 30, 2010, are as follows (in thousands):

	Fair Value	Rate	Maturity
Alaska Housing Finance Corporation	\$ 285	5.01%	December 1, 2031

NOTES TO FINANCIAL STATEMENTS

Investment in GeFONSI Pool

The Corporation invests in the State's internally managed General Fund and Other Non Segregated Investments Pool (GeFONSI). The GeFONSI consists of investments in the State's internally managed Short-term and Intermediate-term Fixed Income Pools. Actual investing is performed by investment officers in the State's Department of Revenue, Treasury Division. A complete description of the investment policy for each pool is included in the Department of Revenue, Treasury Division, Policies and Procedures.

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

The accrual basis of accounting is used for investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature.

At June 30, 2010, the Corporation's share of pool investments was as follows, (in thousands):

Investment Type	Fair Value		
	Short-term Fixed Income Pool	Intermediate-term Fixed Income Pool	Total
Deposit	\$ (421)	\$ -	\$ (421)
Commercial Paper	11,172	-	11,172
U.S. Treasury Notes	-	69,230	69,230
U.S. Treasury Bills	27,187	-	27,187
U.S. Treasury When-Issued	4,183	89,904	94,087
U.S. Government Agency	14,851	23,501	38,352
U.S. Government Agency Discount Notes	-	5,089	5,089
Mortgage-backed	1,763	13,208	14,971
Other Asset-backed	49,110	359	49,469
Corporate Bonds	104,649	31,729	136,378
Yankees:			
Government	-	1,999	1,999
Corporate	2,930	8,170	11,100
Total Invested Assets	215,424	243,189	458,613
Pool related net assets (liabilities)	1,640	(5,603)	(3,963)
Net Invested Assets	\$ 217,064	\$ 237,586	\$ 454,650

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk – GeFONSI Pool

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

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2010, the expected average life of individual fixed rate securities ranged from one day to twenty-nine years and the expected average life of floating rate securities ranged from one day to nine and three-quarters years.

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

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

Intermediate-term Fixed Income Pool

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its Intermediate-term Fixed Income Pool to $\pm 20\%$ of the Merrill Lynch 1-5 year Government Bond Index. The effective duration for the Merrill Lynch 1-5 year Government Bond Index at June 30, 2010, was 2.49 years.

At June 30, 2010, the effective duration by investment type was as follows:

	Intermediate-term Fixed Income Pool
Corporate Bonds	2.24
Mortgage-Backed	1.71
Other Asset-Backed	0.65
U.S. Treasury Notes	2.91
U.S. Treasury When-Issued	2.73
US. Government Agency	1.69
US. Government Agency Discount Notes	0.67
Yankees:	
Corporate	2.65
Government	1.87
Portfolio Effective Duration	2.47

Credit Risk – GeFONSI Pool

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2010, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

<u>Investment Type</u>	<u>Rating</u>	<u>Short-term Fixed Income Pool</u>	<u>Intermediate Term Fixed Income Pool</u>
Commercial Paper	A-1	1.17 %	- %
Commercial Paper	Not Rated	4.03	-
Corporate Bonds	AAA	41.70	6.53
Corporate Bonds	AA	1.88	1.78
Corporate Bonds	A	3.74	2.90
Corporate Bonds	BBB	-	1.12
Corporate Bonds	Not Rated	1.35	0.51
Mortgage-backed	AAA	0.79	4.51
Mortgage-backed	AA	-	0.05
Mortgage-backed	BBB	-	0.20
Mortgage-backed	Not Rated	0.03	0.58
Other Asset-backed	AAA	21.16	0.05
Other Asset-backed	AA	-	0.03
Other Asset-backed	A	-	0.06
Other Asset-backed	Not Rated	1.68	-
U.S. Government Agency	AAA	1.07	9.47
U.S. Government Agency	Not Rated	5.84	0.04
U.S. Government Agency Discount Notes	Not Rated	-	2.06
U. S. Treasury Bills	AAA	12.65	-
U. S. Treasury Notes	AAA	-	28.02
U.S. Treasury When-Issued	AAA	1.95	36.40
Yankees:			
Government	AAA	-	0.07
Government	AA	-	0.74
Corporate	AAA	0.58	1.81
Corporate	AA	0.20	0.91
Corporate	A	-	0.46
Corporate	BBB	-	0.08
Corporate	Not Rated	0.58	0.05
No Credit Exposure		(0.40)	1.57
		<u>100.00 %</u>	<u>100.00 %</u>

NOTES TO FINANCIAL STATEMENTS

Concentration of Credit Risk – GeFONSI Pool

Treasury’s policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool’s holdings in corporate bonds of any one company or affiliated group. Federal National Mortgage Association securities are not classified as corporate bonds.

At June 30, 2010, the fund had more than five percent of their investments in Federal National Mortgage Association as follows, (in thousands):

Federal National Mortgage Association	\$	24,425	5.37%
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4 INTERFUND RECEIVABLE/PAYABLE

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

Due To	Due From			
	Administrative Fund	Energy Programs	Other Non Major Funds	Total
Administrative Fund	\$ -	\$ 13,960	\$ 16,718	\$ 30,678
Energy Programs	-	-	-	-
Other Non Major Funds	58,666	-	-	58,666
Total	\$ 58,666	\$ 13,960	\$ 16,718	\$ 89,344

The balance of \$58,666,000 due to the Other Non-Major Funds from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

The balance of \$13,960,000 due to the Administrative Fund from the Energy Programs resulted primarily from expenditures paid by the Administrative Fund on behalf of the Energy Programs.

Of the \$16,718,000 due from the Other Non-Major Funds to the Administrative Fund, \$2,208,000 resulted from an allocation of management and bookkeeping fees mandated by HUD.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	June 30, 2010	June 30, 2009
Mortgage loans	\$ 2,763,089	\$ 2,979,931
Multifamily loans	216,672	224,961
Other notes receivable	88,448	86,801
	<u>3,068,209</u>	<u>3,291,693</u>
Less:		
Allowance for losses	(96,956)	(96,249)
Net Mortgage loans, notes and other loans	\$ 2,971,253	\$ 3,195,444

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

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

	June 30, 2010	June 30, 2009
<u>Delinquencies and foreclosures:</u>		
Loans delinquent 30 days or more	\$ 159,120	\$ 146,045
Foreclosures during period	13,775	9,815
Loans in foreclosure process	21,291	17,854
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	150,455	6,102

NOTES TO FINANCIAL STATEMENTS

6 INSURANCE AGREEMENTS

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

7 LOAN SELF INSURANCE PROGRAM

The Corporation, for the purpose of insuring itself against losses which might occur as a result of mortgages purchased under various loan programs, collects insurance premiums from the borrowers. The premiums are administered by the management of the Corporation and included in the Administrative Fund in the accompanying financial statements.

8 DIRECT FINANCING LEASES

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

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

In fiscal years 2007 and 2008, the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage at June 30, 2010 was \$44,500,000. The garage was placed in service in September 2008. The garage has been leased to the State of Alaska for use by its departments and agencies located in Anchorage. The State has the option to purchase the garage at the end of the lease for \$1. In September 2007, the Corporation issued the State Capital Project Bonds, Series 2007 A. \$37,400,000 of this issue was to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

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

12 Months Ending June 30	Future Minimum Payments Due		
	Parking Garage	Building	Total
2011	\$ 3,304	\$ 3,467	\$ 6,771
2012	3,304	3,467	6,771
2013	3,304	3,467	6,771
2014	3,304	3,467	6,771
2015	3,304	3,467	6,771
Thereafter	42,943	6,934	49,877
Gross payments due	59,463	24,269	83,732
Less: Unearned revenue	(18,596)	(3,914)	(22,510)
Net investment in direct financing lease	\$ 40,867	\$ 20,355	\$ 61,222

NOTES TO FINANCIAL STATEMENTS

9 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 and a summary of balances are shown below (in thousands):

	July 1, 2009	Additions	Reductions	June 30, 2010
Non-Depreciable Capital Assets:				
Land	\$ 13,753	\$ -	\$ -	\$ 13,753
Construction in progress	200	5,875	(3,361)	2,714
Total Non-Depreciable	13,953	5,875	(3,361)	16,467
Depreciable Capital Assets:				
Buildings	203,425	3,361	-	206,786
Computers & Equipment	1,316	338	(29)	1,625
Leasehold Improvements	88	-	-	88
Vehicles	2,134	80	(152)	2,062
Less: Accumulated depreciation				
Buildings	(105,055)	(6,216)	-	(111,271)
Computers & Equipment	(953)	(226)	29	(1,150)
Leasehold Improvements	(88)	-	-	(88)
Vehicles	(1,816)	(97)	153	(1,760)
Total Depreciable, Net	99,051	(2,760)	1	96,292
Total Capital Assets, Net	\$ 113,004	\$ 3,115	\$ (3,360)	\$ 112,759

The depreciation expense charged by the Corporation was \$6,538,000 for the year ended June 30, 2010. 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 \$7,184,000 at June 30, 2010.

10 BONDS AND NOTES PAYABLE

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

The Corporation has authorization to issue Draw Down bonds in the amount of \$900,000,000 for the purpose of preserving private activity bond volume capacity and to refund certain outstanding obligations of the Corporation. Only \$300,000,000 of these bonds can be outstanding at any one time. As of June 30, 2010, there are no draw down bonds outstanding.

NOTES TO FINANCIAL STATEMENTS

In December 2009, the Corporation issued Mortgage Revenue Bonds Series 2009 A in the amount of \$193,100,000. The bonds are general obligations of the Corporation secured by program obligations and by amounts on deposit in the 2009 Series A Escrow Fund. These bonds were issued under the federal New Issue Bond Program. The proceeds of the bonds will be held in an escrow account until being converted into long term fixed rate bonds with the proceeds being used to buy mortgages. If the bonds have not been converted by December 31, 2010, they are subject to mandatory redemption on February 1, 2011.

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

	Original Amount	June 30, 2010	June 30, 2009
First-Time Home Buyer Bonds:			
Mortgage Revenue Bonds:			
Tax-Exempt:			
• 1997 Series A	\$ 160,000	\$ -	\$ 14,185
Accreted interest		-	11,298
Unamortized discount		-	(224)
• 1998 Series A; 4.65% to 5.4%, due 2010-2035	70,000	14,585	22,795
• 1999 Series A1 & A2; 5.25% to 6.25%, due 2010-2031	200,000	56,205	71,895
Unamortized discount		(53)	(105)
• 2000 Series A; 5.9% to 6.0%, due 2036-2040	58,315	28,920	28,920
• 2000 Series C; 4.9% to 6.0%, due 2010-2032	68,785	20,015	29,745
• 2001 Series A; 3.5% to 5.3%, due 2010-2031	32,740	14,665	18,965
• 2001 Series B; 4.15% to 5.45%, due 2010-2041	104,450	33,195	39,400
Unamortized premium		37	54
• 2009 Series A; Floating Rate*, 0.19% at June 30, 2010, due 2011	193,100	193,100	-
Subtotal First-time Homebuyer Bonds	<u>887,390</u>	<u>360,669</u>	<u>236,928</u>
• 2002 Series A; Floating Rate*; 0.44% at June 30, 2010, due 2032, 2036	170,000	167,060	168,275
Unamortized swap termination penalty		(12,639)	(13,147)
• 2006 Series A; 3.4% to 5.0%, due 2010-2036	98,675	70,790	83,350
Unamortized premium		586	778
• 2006 Series B; 3.5% to 5.0%, due 2010-2036	75,000	50,795	65,020
Unamortized premium		403	540
• 2006 Series C; 3.9% to 5.5%, due 2010-2037	75,000	53,835	67,405
Unamortized premium		864	1,048
• 2007 Series A, Floating Rate*; 0.34% at June 30, 2010, due 2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,807)	(1,874)

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2010	June 30, 2009
• 2007 Series B; Floating Rate*; 0.35% at June 30, 2010, due 2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,807)	(1,874)
• 2007 Series C; 3.75% to 4.80% due 2010-2038	89,370	74,145	87,215
• 2007 Series D; Floating Rate*; 0.35% at June 30, 2010, due 2041	89,370	89,370	89,370
Unamortized deferred debt refunding		(2,215)	(2,298)
• 2008 Series A; 2.45%-5.40%, due 2010-2038	80,880	64,415	80,880
• 2008 Series B; 2.00%-5.50%, due 2010-2038	80,880	73,845	80,200
Unamortized discount		(76)	(84)
Subtotal First-time Homebuyer Bonds	<u>909,175</u>	<u>777,564</u>	<u>854,804</u>
• 2009 Series A; Floating Rate*; 0.25% at June 30, 2010, due 2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,392)	(1,438)
• 2009 Series B; Floating Rate*; 0.21% at June 30, 2010, due 2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,392)	(1,438)
• 2009 Series C; 0.9% to 5.35%; due 2010-2039	80,870	80,870	-
Unamortized discount		(42)	-
• 2009 Series D; Floating Rate*; 0.30% at June 30, 2010, due 2040	80,870	80,870	-
Unamortized deferred debt refunding		(1,340)	-
Subtotal First-time Homebuyer Bonds	<u>323,500</u>	<u>319,334</u>	<u>158,884</u>
Total First-time Homebuyer Bonds	<u>2,120,065</u>	<u>1,457,567</u>	<u>1,250,616</u>
Veterans Mortgage Program Bonds and Notes:			
Collateralized State Guaranteed Bonds and Notes:			
Tax-Exempt:			
• Collateralized Bonds 1998 First and Second Series, Unamortized discount	60,000	-	12,320 (154)
• Collateralized Bonds 1999 First Series; 5.0% to 6.25%, due 2010-2039	110,000	28,255	33,320
• Collateralized Bonds 2000 First Series; 5.5% to 6.45%, due 2010-2039	70,000	14,545	17,875
• Collateralized Bonds 2002 First Series; 4.15% to 5.65%, due 2010-2034	50,000	12,510	19,495
• Collateralized Bonds 2005 First Series; 4.8% due 2035	15,000	9,340	14,140
• Collateralized Bonds 2006 First Series; 3.75% to 4.9%, due 2010-2037	190,000	181,005	185,140
• Collateralized Bonds 2007 & 2008 First Series, 3.25% to 5.25%, due 2010-2038	57,885	54,680	56,575
• Collateralized Notes 2008 Second Series	45,000	-	45,000
Total Veterans Mortgage Program Bonds	<u>597,885</u>	<u>300,335</u>	<u>383,711</u>

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2010	June 30, 2009
Other Housing Bonds:			
Housing Development Bonds:			
Tax-Exempt:			
• 1999 Series A	1,675	-	1,420
• 1999 Series B	5,080	-	4,340
• 1999 Series C	50,000	-	1,050
• 2000 Series B	41,705	-	36,485
• 2002 Series A; 3.0% to 5.3%, due 2010-2033	8,440	2,675	2,835
• 2002 Series B; 2.85% to 5.15%, due 2010-2022	8,690	6,255	6,615
• 2002 Series C; 2.85% to 5.25%, due 2010-2032	70,000	60,310	61,750
• 2004 Series A; 2.0% to 4.85%, due 2010-2030	33,060	28,650	29,465
• 2004 Series B; 1.8% to 4.75%, due 2010-2032	52,025	42,565	45,495
Taxable:			
• 2004 Series D; 3.65% to 5.6%, due 2010-2043	105,000	103,040	103,940
Sub-Total Housing Development Bonds	375,675	243,495	293,395
General Mortgage Revenue Bonds:			
Tax-Exempt:			
• 1999 Series A	302,700	-	80,870
Unamortized deferred debt refunding expense		-	(467)
Unamortized discount		-	(408)
• 2002 Series A; 3.45% to 5.0%, due 2010-2040	150,000	148,825	150,000
Unamortized deferred debt refunding expense		(1,065)	(1,108)
Unamortized premium		496	529
Government Purpose Bonds:			
Tax-Exempt:			
• 1997 Series A, Floating Rate*, monthly payments, 0.26% at June 30, 2010, due 2027	33,000	14,600	20,600
• 2001 Series A, Floating Rate*, 0.23% at June 30 2010, due 2030	76,580	61,950	63,860
Unamortized swap termination penalty		(8,108)	(8,505)
• 2001 Series B, Floating Rate*, 0.23% at June 30, 2010, due 2030	93,590	75,700	78,040
Total Other Housing Bonds	1,031,545	535,893	676,806

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2010	June 30, 2009
Non-Housing Bonds:			
State Capital Project Bonds:			
Tax-Exempt:			
• 2002 Series A; 3.0% to 5.0%, due 2010-2011	32,905	8,525	12,475
Unamortized premium		95	535
• 2002 Series C; Floating Rate*, 0.23% at June 30, 2010, due 2022	60,250	60,250	60,250
• 2006 Series A; 3.5% to 5.0%, due 2010-2040	100,890	95,510	97,080
Unamortized discount		(1,410)	(1,485)
Unamortized premium		1,424	1,622
• 2007 Series A & B; 4.0% to 5.25%, due 2010-2029	95,525	91,355	93,320
Unamortized discount		(65)	(70)
Unamortized premium		2,795	3,308
Unamortized deferred debt refunding expense		(2,770)	(2,913)
State Building Lease Bonds:			
Tax-Exempt:			
• 1999 Series; 4.875 to 5.8%, due 2010-2011	40,000	-	6,005
Unamortized discount		-	(66)
General Housing Purpose Bonds:			
Tax-Exempt:			
• 2005 Series A; 2.2% to 5.25%, due 2010-2041	143,235	138,570	139,655
Unamortized premium		3,296	3,450
• 2005 Series B; 2.7% to 5.25%, due 2010-2030	147,610	130,610	134,240
Unamortized deferred debt refunding expense		(10,023)	(10,706)
Unamortized premium		4,030	4,610
• 2005 Series C; 2.7% to 5%, due 2010-2017	16,885	16,660	16,710
Total Non-Housing Bonds	<u>637,300</u>	<u>538,852</u>	<u>558,020</u>
Total Bonds and Notes Payable	<u>\$ 4,386,795</u>	<u>\$ 2,832,647</u>	<u>\$ 2,869,153</u>

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

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

NOTES TO FINANCIAL STATEMENTS

Redemption Provisions

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

During the year ended June 30, 2010, the Corporation made \$207,035,000 special revenue redemptions and \$80,870,000 current refundings. The Corporation made \$313,780,000 special revenue redemptions and \$161,760,000 current refundings during fiscal year 2009.

Advance Refundings

From time to time, the Corporation effects an advanced refunding where the proceeds of issued bonds are used to defease outstanding debt of the Corporation. The result is an in-substance defeasance whereby the Corporation purchases securities which are deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. A summary of the defeased debt follows (in thousands)

	Defeased Date	June 30, 2010	June 30, 2009
State Building Lease Bonds, 1999 Series	May 2005	\$ -	\$ 16,485
Housing Development Bonds 1999 Series C	October 2007	-	41,475
		\$ -	\$ 57,960

Debt Service Requirements**

For all mortgage bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2015 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months Ending June 30	Total Debt Service		
	Principal	Interest*	Total
2011	\$ 240,725	\$ 120,094	\$ 360,819
2012	54,630	118,120	172,750
2013	56,735	115,887	172,622
2014	59,575	113,450	173,025
2015	59,200	110,853	170,053
2016-2020	320,775	514,042	834,817
2021-2025	440,340	428,603	868,943
2026-2030	555,315	312,223	867,538
2031-2035	526,185	184,843	711,028
2036-2040	498,395	60,836	559,231
2041-2043	52,950	2,886	55,836
	\$2,864,825	\$2,081,837	\$4,946,662

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2010

** Also see Note 11 – Derivatives.

NOTES TO FINANCIAL STATEMENTS

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 bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt.

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

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

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2010, the Corporation has not posted any collateral and is not required to post any collateral.

The recording of the fair value of derivatives resulted in a cumulative effect of accounting change amount in the Statement of Revenues, Expenses, and Changes in Net Assets. Please refer to footnote 24 for further details.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2010, 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+/Aa1
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	A/A2
E021A1 ²	10/09/08	2.9800	70% of 3M LIBOR ⁵	06/01/32	AAA/Aa1
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	A/A2
SC02C ³	12/05/02	4.3030	SIFMA ⁶ +0.115%	07/01/22	AA-/Aa1
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AAA/Aa1
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	AA-/Aa1
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	A+/A1
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AAA/Aa1
E091ABD	05/28/09	3.7400	70% of 3M LIBOR	12/01/40	AA-/Aa1

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

NOTES TO FINANCIAL STATEMENTS

The change in fair value and ending balance of the hedging derivatives as of June 30, 2010, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Assets.

Related Bond Issue	Notional Amounts	Fair Values		Change in Fair Value	
		Present Values	June 30, 2010		June 30, 2009
GP01A	\$ 61,950	\$ 63,958	\$ (2,008)	\$ 527	\$ (2,535)
GP01B	75,700	90,548	(14,848)	(11,906)	(2,942)
E021A1	47,060	50,553	(3,493)	(1,349)	(2,144)
E021A2	120,000	126,965	(6,965)	(2,661)	(4,304)
SC02C	60,250	67,919	(7,669)	(5,157)	(2,512)
E071AB	143,622	171,345	(27,723)	(19,132)	(8,591)
E071BD	95,748	113,627	(17,879)	(12,302)	(5,577)
E091A	72,789	87,082	(14,293)	(9,633)	(4,660)
E091B	72,789	87,251	(14,462)	(10,068)	(4,394)
E091ABD	97,052	115,611	(18,559)	(12,847)	(5,712)
Total	\$846,960	\$ 974,859	\$ (127,899)	\$ (84,528)	\$ (43,371)

As of June 30, 2010, 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
2011	\$ 5,710	\$ 2,631	\$ 27,913	\$ 36,254
2012	6,895	2,615	27,739	37,249
2013	12,825	2,590	27,465	42,880
2014	13,390	2,553	27,029	42,972
2015	13,955	2,514	26,573	43,042
2016-2020	101,175	11,837	124,410	237,422
2021-2025	153,340	9,885	102,367	265,592
2026-2030	172,790	7,450	76,782	257,022
2031-2035	168,490	4,678	48,722	221,890
2036-2040	165,115	1,864	20,403	187,382
2041	33,275	96	974	34,345
	\$846,960	\$ 48,713	\$ 510,377	\$ 1,406,050

Risks

a. Credit Risk

As of June 30, 2010, 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 31% of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 30% of the total notional amount of the swaps is held with one counterparty rated AA-/Aa1. Of the remaining swaps, one counterparty is rated A/A2, another counterparty is rated A+/A1, and the remaining counterparty is rated A+/Aa3, approximating 23%, 9%, and 7% respectively, of the total notional amount of the swaps.

b. Interest Rate Risk

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

NOTES TO FINANCIAL STATEMENTS

c. Basis Risk

All of the Corporation's variable-rate bond interest payments are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2010, SIFMA was 0.310% and 1-month LIBOR was 0.347%, resulting in a positive 0.037% spread. The 3-month LIBOR was 0.538%, resulting in a positive 0.228% spread. The spread between LIBOR and SIFMA has fluctuated since the agreements became effective. As the spread increases, so does the anticipated cost savings from the swaps.

d. Termination Risk

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

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

e. Rollover Risk

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

Investment Derivatives

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

The significant terms and credit ratings of the Corporation's investment derivatives as of June 30, 2010, are shown below:

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

The change in fair value of the investment derivatives as of June 30, 2010, is shown below (in thousands) and is presented as a net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2010	Fair Values June 30, 2009	Change in Fair Value
SC02B	\$ 14,555	\$ 16,923	\$ (2,368)	\$ (1,574)	\$ (794)

Credit Risk

As of June 30, 2010, 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 AA-/Aa1.

NOTES TO FINANCIAL STATEMENTS

12 LONG TERM LIABILITIES

The activity for the year ended June 30, 2010 is summarized in the following schedule (in thousands):

	July 1, 2009	Additions	Reductions	June 30, 2010	Due Within One Year
Total bonds and notes payable	\$ 2,869,153	\$ 358,377	\$ (394,883)	\$ 2,832,647	\$ 240,725
Compensated absences	4,169	2,988	(2,516)	4,641	2,443
Other liabilities	2,292	518	(2,158)	652	-
Total long-term liabilities	<u>\$ 2,875,614</u>	<u>\$ 361,883</u>	<u>\$ (399,557)</u>	<u>\$ 2,837,940</u>	<u>\$ 243,168</u>

13 SHORT TERM DEBT

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

Yields issued during period	June 30, 2010	June 30, 2009
Lowest	0.25%	0.69%
Highest	1.25%	3.30%

Short term debt activity for the year ended June 30, 2010 is summarized in the following schedule (in thousands):

	July 1, 2009	Additions	Reductions	June 30, 2010
Commercial paper	\$ 150,000	\$ 775,700	\$ (775,700)	\$ 150,000
Unamortized discount	(276)	(734)	900	(110)
Commercial paper, net	<u>\$ 149,724</u>	<u>\$ 774,966</u>	<u>\$ (774,800)</u>	<u>\$ 149,890</u>

14 TRANSFERS

Transfers for the year ended June 30, 2010 are summarized in the following schedule (in thousands):

	From			
	Administrative Fund	Energy Programs	Other Non- Major Funds	Total
Administrative Fund	\$ -	\$ -	\$ 195,262	\$ 195,262
Energy Programs	9,118	-	-	9,118
Other Non-Major Funds	284,853	-	191,667	476,520
Total	<u>\$ 293,971</u>	<u>\$ -</u>	<u>\$ 386,929</u>	<u>\$ 680,900</u>

Transfers are used to (1) move funds between the Administrative Fund and the other Funds of the Corporation for financing mortgage related activities and to subsidize debt service payments, (2) to move mortgages from the Administrative Fund to the Bond Funds of the Corporation, (3) to move Corporate revenue to the Administrative Fund from the Energy Programs and Bond Funds, and (4) to record expenditures paid on behalf of the Energy Programs and the Bond Funds by the Administrative Fund.

NOTES TO FINANCIAL STATEMENTS

15 OTHER CREDIT ARRANGEMENTS

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

In addition to such bond-related arrangements, the Corporation also maintained a \$200,000,000 issuer-level revolving credit facility that was unrelated to a specific bond issue. This facility terminated on August 1, 2009.

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

	June 30, 2010	June 30, 2009
Bond related liquidity facilities	\$ 487,300	\$ 407,645
Revolving credit facility	-	200,000
Bond insurance	1,067,205	1,221,925
	<u>\$ 1,554,505</u>	<u>\$ 1,829,570</u>

16 YIELD RESTRICTION AND ARBITRAGE REBATE

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

	June 30, 2010	June 30, 2009
Arbitrage expense	\$ (572)	\$ 3,349
Arbitrage paid	1,061	1,402

NOTES TO FINANCIAL STATEMENTS

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:

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

The projected amounts stated in the legislative intent language were based on the Corporation’s financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected “net income”. The total state authorizations from FY1995–FY2010 were \$1,505,833,000; payments up thru June 30, 2010 were \$1,369,708,000, resulting in total remaining commitments of \$136,125,000 as of June 30, 2010.

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to \$224 million 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 million 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 \$60,250,000 in 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. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

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

The Twenty-Third Legislature in 2003 enacted SCSBH 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, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of adjusted change in net assets or \$103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation’s unrestricted, unencumbered funds other than appropriations of the Corporation’s operating budget.

Contributions to the State of Alaska or other State agencies

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

	June 30, 2010	Cummulative Prior Fiscal Year	Total Payments to State
State debt repayment	\$ -	\$ 29,800	\$ 29,800
Asset purchases	-	252,300	252,300
Dividends	-	114,300	114,300
Direct cash transfers	25,000	606,653	631,653
Other State appropriations	-	302,654	302,654
Non-Housing capital projects	7,741	294,584	302,325
Various bond proceeds disbursed	4,031	304,603	308,634
Total	\$ 36,772	\$ 1,904,894	\$ 1,941,666

NOTES TO FINANCIAL STATEMENTS

18 GRANTS

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

Program	June 30, 2010
<i>Energy Programs:</i>	
▪ ARRA Weatherization Assistance Program	\$ 30
▪ Energy Efficient Appliance Rebate	39
▪ Energy Efficiency Monitoring Research	1,222
▪ Energy Efficiency Conservation Block Grant	330
▪ Energy Efficient Home Program	46,096
▪ Low-Income Home Energy Assistance	317
▪ Low Income Weatherization Assistance	44,931
Total Energy Programs	<u>92,965</u>
<i>Section 8 Vouchers Program</i>	<u>30,093</u>
<i>Other Housing Assistance Programs:</i>	
▪ AMHTA Short Term Housing Assistance	32
▪ ARRA Low Income Tax Credit	11,432
▪ ARRA TCAP Home	2,652
▪ Beneficiaries and Special Needs Housing	91
▪ Denali Commission	5,439
▪ Drug Elimination	180
▪ Homeless Prevention and Rapid Re-Housing	743
▪ HOME Investment Partnership	4,599
▪ Homeless Assistance Program	2,796
▪ Homeless Information Management System	34
▪ Housing Loan Program	5,353
▪ Housing Opportunities for Persons with AIDS	626
▪ Low Income Tax Credit	-
▪ Neighborhood Stabilization	9,566
▪ Resident Opportunity and Support Service	73
▪ ROSS Neighborhood Network	108
▪ Section 8 Contract Administration	7,554
▪ Senior Citizen Housing Development Grant	5,611
▪ Shelter Plus Care	559
▪ Special Needs Housing	911
▪ Supplemental Housing Grant	12,423
▪ Supportive Housing Grant Match	871
▪ Technical Assistance Grant	172
Total Other Housing Assistance Programs	<u>71,825</u>
Total Housing Grant Expenses	<u>194,883</u>
▪ Legislative Appropriations	<u>7,741</u>
Total Non-Housing Capital Project Grants	<u>7,741</u>
Total Grants	<u><u>\$ 202,624</u></u>

In addition to grant payments made, the Corporation has advanced grant funds of \$9,496,000 and committed to third parties a sum of \$281,415,000 in grant awards at June 30, 2010.

NOTES TO FINANCIAL STATEMENTS

19 OTHER PROGRAMS

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

Housing Assistance Programs

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

- Low Rent Management
- Modernization/Capital Fund Programs

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

- Section 8 Moderate Rehabilitation
- Section 8 Vouchers

Section 8 New Program consists of Corporate owned low-income housing facilities at various locations, Wrangell Market Housing, and contract administration of HUD contracts directly with landlords:

- Section 8 New Construction
- Wrangell Multi-Family Market
- Section 8 Contract Administration

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

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

Energy Conservation Programs

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

NOTES TO FINANCIAL STATEMENTS

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

Energy programs:

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

Low rent programs:

- Capital Fund Program (CFP) - Competitive
- Capital Fund Program (CFP) - Formula

Other programs:

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

Housing Units Owned, Managed or Administered

As of June 30, 2010, the Public Housing Division of the Corporation operates the following programs in 18 Alaskan communities:

Program	Number of Units
Low Rent Conventional Housing	986
Low Rent Conventional Housing – Senior Units	343
Section 8 New Construction Housing	65
Section 8 New Construction Housing – Senior Units	268
Other Housing Units	33
Section 8 Existing – Housing Assistance:	
Housing Choice Vouchers	4,366
Single Room Occupancy	70
	6,131

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

The Home Energy Rebate Program has no income limits and provides homeowners with reimbursements for specific energy-efficiency improvements. The more the home's energy efficiency improves, the greater the potential rebate. As of June 30, 2010 the Corporation had outstanding commitments of \$174,683,000 and had paid out \$57,706,000 in the rebate program to homeowners since the inception of the program. This commitment amount represents the maximum amount each homeowner could be reimbursed, not necessarily the actual amount of each homeowner's reimbursement.

21 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Plan Description

As of June 30, 2010, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008 when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan. PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post employment healthcare plans for all employees hired on or after July 1, 2006.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Employees hired after 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 five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

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

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

Funding Policy

Defined Benefit Plans:

Under State law, covered employees are required to contribute 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 2010, 7.96% of covered salary is for the pension plan and 14.04% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 27.65% for the fiscal year 2010 and the employer rate of 22% will be funded by the State.

The State contribution to the pension plan for the Corporation for the year ended June 30, 2010 was \$460,000.

The Corporation's contributions to the pension plan for the year ended June 30, 2010 was \$1,452,000 and for the years ended June 30, 2009 and June 30, 2008 was \$1,180,000 and \$1,026,000 respectively.

The State contribution to the post employment healthcare plan for the Corporation for the year ended June 30, 2010 was \$657,000.

The Corporation's contributions to the post employment healthcare plan for the year ended June 30, 2010 was \$2,559,000 and for the years ended June 30, 2009 and June 30, 2008 was \$2,740,000 and \$2,770,000 respectively.

NOTES TO FINANCIAL STATEMENTS

Defined Contribution Plans

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2010, the Corporation is required to contribute 5.30% 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 2010, the Corporation is required to contribute 0.83% of the annual covered salary plus an annual flat dollar amount of \$1,699.71 for each covered employee.

If the total amount that the Corporation has contributed for the defined contribution pension and post employment healthcare plans is less than 22% of covered payroll, the Corporation must pay that additional amount. This additional amount is used to reduce the Plan's unfunded liability. For the year ended June 30, 2010, the Corporation paid additional contributions of \$232,000.

The contributions to the pension plan for the year ended June 30, 2010 by the employees was \$153,000 and by the Corporation was \$101,000.

The Corporation contributed \$87,000 to a health reimbursement arrangement for the year ended June 30, 2010.

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 \$50,000 per employee per year. The Corporation has provided for an estimate of the Incurred But Not Reported (IBNR) liability in the amount of \$1,235,000 and \$1,437,000 as of June 30, 2010 and June 30, 2009, respectively.

Litigation

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

Contingent Liabilities

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

Subsequent Events

In September 2010, the Corporation will issue \$142,930,000 Mortgage Revenue Bonds, 2009 Series A-1 and 2010 Series A and B. The bonds will be general obligations of the Corporation and will bear interest at fixed rates payable each June 1 and December 1. The bonds will mature on December 1, 2041, December 1, 2027, and December 1, 2040, respectively.

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.

24 CUMULATIVE EFFECT OF ACCOUNTING CHANGE

Beginning in the fiscal year 2010, AHFC implemented GASB Statement 53, Accounting and Financial Reporting for Derivative Instruments. Pursuant to this Statement, AHFC evaluated its derivative instruments to be either hedgeable or non-hedgeable. The SC02B interest rate swap was determined to be non-hedgeable at June 30, 2009. According to the Statement, the fair value at June 30, 2009 of any derivative instrument that was non-hedgeable at that date would be reported as a restatement of beginning net assets. The negative fair value of the SC02B swap at June 30, 2009 was \$1,574,000, the cumulative effect of the accounting change.

NOTES TO FINANCIAL STATEMENTS

25 FIVE YEAR FINANCIAL INFORMATION

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

	June 30,				
	2010	2009	2008	2007	2006
Assets and Deferred Outflows					
Cash	\$ 59,218	\$ 24,720	\$ 19,034	\$ 45,964	\$ 11,583
Investments	1,389,605	1,247,669	1,231,404	1,274,544	1,768,178
Accrued interest receivable	14,647	15,854	16,734	19,340	19,013
Mortgage loans, notes and other loans	2,971,253	3,195,444	3,450,063	3,357,754	3,240,209
Net investment in direct financing lease	61,222	64,802	65,203	27,085	29,110
Unamortized bond issuance costs	19,751	23,252	25,142	24,616	24,584
Capital assets, net	112,759	113,004	116,535	118,743	120,030
Other assets	40,463	46,680	22,004	28,854	16,869
Derivative instrument - interest rate swaps	-	-	-	-	-
Deferred outflow of resources	127,899	-	-	-	-
Total Assets and Deferred Outflows	4,796,817	4,731,425	4,946,119	4,896,900	5,229,576
Liabilities and Deferred Inflows					
Bonds and notes payable	2,832,647	2,869,153	3,136,866	3,060,887	2,907,223
Short term debt	149,890	149,724	112,159	119,726	242,449
Accrued interest payable	12,770	13,715	15,303	14,847	17,340
Other liabilities	47,252	26,722	15,620	16,968	72,532
Derivative instrument - interest rate swaps	130,267	-	-	-	-
Deferred inflow of resources	-	-	-	-	-
Total Liabilities and Deferred Inflows	3,172,826	3,059,314	3,279,948	3,212,428	3,239,544
Total Fund Equity	\$1,623,991	\$1,672,111 *	\$1,666,171	\$1,684,472	\$1,990,032
	June 30,				
	2010	2009	2008	2007	2006
Operating Revenues					
Mortgage and loans revenue	\$ 177,855	\$ 205,138	\$ 202,851	\$ 195,028	\$ 193,573
Investment interest	11,605	25,148	56,667	76,631	60,220
Net change in fair value of investments	6,317	570	255	2,214	(1,830)
Net change of hedge termination	(794)	-	-	-	-
Total Investment Revenue	17,128	25,718	56,922	78,845	58,390
Externally funded programs	191,968	112,587	73,603	63,043	59,587
Rental	8,697	8,577	7,695	6,988	6,575
Other	1,610	3,337	776	1,085	807
Total Operating Revenues	397,258	355,357	341,847	344,989	318,932
Operating Expenses					
Interest	130,789	149,021	147,336	158,145	146,971
Mortgage and loan costs	12,709	14,139	14,155	14,034	13,133
Operations and administration	49,678	51,421	42,812	41,410	38,858
Financing expenses	7,456	9,159	6,415	8,945	4,836
Provision for loan loss	515	(7,703)	7,098	5,490	406
Housing grants and subsidies	194,883	106,480	78,290	65,689	56,829
Rental housing operating expenses	11,002	11,480	10,428	10,799	11,221
Total Operating Expenses	407,032	333,997	306,534	304,512	272,254
Operating Income (Loss)	(9,774)	21,360	35,313	40,477	46,678
Non-Operating & Special Item					
Contribution from the State of Alaska	-	-	-	-	300,000
Contribution to State or State agency	(36,772)	(15,420)	(53,614)	(346,037)	(46,845)
Special item	-	-	-	-	7,126
Change in Net Assets	\$ (46,546)	\$ 5,940	\$ (18,301)	\$ (305,560)	\$ 306,959

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

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

COMBINED - ALL FUNDS

As of June 30, 2010

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	38,175	-	-	-
Investments	735,819	355,797	62,613	189,109
Accrued interest receivable	1,476	6,046	1,753	3,314
Inter-fund due to/from	(27,988)	26,673	8,820	13,832
Mortgage loans, notes and other loans	258,392	1,312,649	330,862	626,496
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	8,497	2,214	5,120
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	500	-	-	-
Other assets	9,264	33	-	44
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	103,374	-	16,856
Total Assets and Deferred Outflows	1,015,777	1,813,069	406,262	854,771
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	1,457,567	300,335	535,893
Short term debt	149,890	-	-	-
Accrued interest payable	1,091	4,781	1,235	2,038
Other liabilities	8,041	434	398	177
Derivative instrument - interest rate swaps	-	103,374	-	16,856
Intergovernmental payable	25,257	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	184,279	1,566,156	301,968	554,964
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	639	-	-	-
Restricted by bond resolutions	-	246,913	104,294	237,923
Restricted by contractual or statutory agreements	147,566	-	-	25,268
Unrestricted net assets, (deficit)	683,293	-	-	36,616
Total Net Assets (deficit)	831,498	246,913	104,294	299,807

Schedule 1

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
2,969	18,074	59,218
46,267	-	1,389,605
2,058	-	14,647
9,341	(30,678)	-
442,854	-	2,971,253
61,222	-	61,222
3,920	-	19,751
-	16,328	16,467
-	95,792	96,292
28	16,405	25,774
-	-	-
-	14,689	14,689
7,669	-	127,899
576,328	130,610	4,796,817
538,852	-	2,832,647
-	-	149,890
3,625	-	12,770
491	9,175	18,716
10,037	-	130,267
2,969	310	28,536
-	-	-
555,974	9,485	3,172,826
-	112,120	112,759
-	-	589,130
-	22,311	195,145
20,354	(13,306)	726,957
20,354	121,125	1,623,991

ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

REVOLVING FUNDS

As of June 30, 2010

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Cash	37,812	363	38,175
Investments	724,743	11,076	735,819
Accrued interest receivable	1,474	2	1,476
Inter-fund due to/from	(27,988)	-	(27,988)
Mortgage loans, notes and other loans	258,392	-	258,392
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	500	-	500
Other assets	9,264	-	9,264
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
Deferred outflow of resources	-	-	-
Total Assets and Deferred Outflows	1,004,336	11,441	1,015,777
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Bonds and notes payable	-	-	-
Short term debt	149,890	-	149,890
Accrued interest payable	1,091	-	1,091
Other liabilities	8,041	-	8,041
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	25,257	-	25,257
Deferred inflow of resources	-	-	-
Total Liabilities & Deferred Inflows	184,279	-	184,279
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	639	-	639
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	136,125	11,441	147,566
Unrestricted net assets, (deficit)	683,293	-	683,293
Total Net Assets (deficit)	820,057	11,441	831,498

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYER BONDS

As of June 30, 2010

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	-	1,736	6,604	4,311
Accrued interest receivable	-	136	386	263
Inter-fund due to/from	-	186	1,851	792
Mortgage loans, notes and other loans	-	23,243	68,721	45,028
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	271	789	736
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	-	25,572	78,351	51,130
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	14,585	56,152	48,935
Short term debt	-	-	-	-
Accrued interest payable	-	63	283	241
Other liabilities	-	9	25	16
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	14,657	56,460	49,192
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	10,915	21,891	1,938
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	10,915	21,891	1,938

Schedule 3

Mortgage Revenue Bonds 2001 A,B	Mortgage Revenue Bonds 2009 A	Combined Total
-	-	-
2,524	197,074	212,249
249	1	1,035
1,004	-	3,833
51,502	-	188,494
-	-	-
645	160	2,601
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
55,924	197,235	408,212
47,897	193,100	360,669
-	-	-
205	-	792
17	-	67
-	-	-
-	-	-
-	-	-
48,119	193,100	361,528
-	-	-
7,805	4,135	46,684
-	-	-
-	-	-
7,805	4,135	46,684

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

As of June 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	35,461	4,026	2,473	4,119
Accrued interest receivable	814	351	215	231
Inter-fund due to/from	2,378	1,248	1,036	1,420
Mortgage loans, notes and other loans	157,180	68,297	49,919	50,838
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	806	596	441	452
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	33	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	10,459	-	-	-
Total Assets and Deferred Outflows	207,131	74,518	54,084	57,060
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	154,421	71,376	51,198	54,699
Short term debt	-	-	-	-
Accrued interest payable	489	280	198	237
Other liabilities	61	25	14	16
Derivative instrument - interest rate swaps	10,459	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	165,430	71,681	51,410	54,952
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	41,701	2,837	2,674	2,108
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	41,701	2,837	2,674	2,108

Schedule 4

Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Home Mortgage Revenue Bonds 2008 B	Combined Total
-	-	-	-	-	-	-
11,651	14,140	3,563	13,193	3,243	3,233	95,102
296	301	319	335	298	315	3,475
1,223	1,384	1,946	1,479	1,730	689	14,533
69,868	67,225	71,555	82,570	62,055	73,315	752,822
-	-	-	-	-	-	-
204	127	611	173	457	627	4,494
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	33
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,477	14,437	-	16,688	-	-	56,061
97,719	97,614	77,994	114,438	67,783	78,179	926,520
73,193	73,193	74,145	87,155	64,415	73,769	777,564
-	-	-	-	-	-	-
253	255	289	301	269	309	2,880
23	22	23	25	20	21	250
14,477	14,437	-	16,688	-	-	56,061
-	-	-	-	-	-	-
-	-	-	-	-	-	-
87,946	87,907	74,457	104,169	64,704	74,099	836,755
-	-	-	-	-	-	-
9,773	9,707	3,537	10,269	3,079	4,080	89,765
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,773	9,707	3,537	10,269	3,079	4,080	89,765

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

As of June 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 C	Home Mortgage Revenue Bonds 2009 D
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	15,200	15,528	5,713	12,005
Accrued interest receivable	370	399	305	462
Inter-fund due to/from	3,627	2,102	1,045	1,533
Mortgage loans, notes and other loans	96,304	97,795	77,165	100,069
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	235	219	700	248
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	15,840	16,009	-	15,464
Total Assets and Deferred Outflows	131,576	132,052	84,928	129,781
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	79,488	79,488	80,828	79,530
Short term debt	-	-	-	-
Accrued interest payable	244	242	303	320
Other liabilities	32	33	22	30
Derivative instrument - interest rate swaps	15,840	16,009	-	15,464
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	95,604	95,772	81,153	95,344
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	35,972	36,280	3,775	34,437
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	35,972	36,280	3,775	34,437

Schedule 5

**Combined
Total**

-
48,446
1,536
8,307
371,333
-
1,402
-
-
-
-
47,313
<u>478,337</u>
319,334
-
1,109
117
47,313
-
-
<u>367,873</u>
-
110,464
-
-
<u>110,464</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2010

(in thousands of dollars)

	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	-	10,383	7,109	1,420
Accrued interest receivable	-	199	112	72
Inter-fund due to/from	-	672	367	389
Mortgage loans, notes and other loans	-	29,377	13,969	16,122
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	524	276	126
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	-	41,155	21,833	18,129
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	28,255	14,545	12,510
Short term debt	-	-	-	-
Accrued interest payable	-	142	75	57
Other liabilities	-	9	5	4
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	28,406	14,625	12,571
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	12,749	7,208	5,558
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	12,749	7,208	5,558

Schedule 6

Collateralized				
Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Collateralized Notes 2008 Second Series	Combined Total
-	-	-	-	-
1,006	17,741	24,954	-	62,613
44	1,091	235	-	1,753
171	6,319	902	-	8,820
12,912	217,975	40,507	-	330,862
-	-	-	-	-
-	761	527	-	2,214
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
14,133	243,887	67,125	-	406,262
9,340	181,005	54,680	-	300,335
-	-	-	-	-
37	703	221	-	1,235
291	73	16	-	398
-	-	-	-	-
-	-	-	-	-
9,668	181,781	54,917	-	301,968
-	-	-	-	-
4,465	62,106	12,208	-	104,294
-	-	-	-	-
-	-	-	-	-
4,465	62,106	12,208	-	104,294

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER HOUSING BONDS

As of June 30, 2010

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	570	22,481	-	72,722
Accrued interest receivable	106	1,428	-	415
Inter-fund due to/from	624	5,967	-	2,066
Mortgage loans, notes and other loans	23,976	248,662	-	136,835
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	2,685	-	1,057
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	25,276	281,223	-	213,095
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	243,495	-	148,256
Short term debt	-	-	-	-
Accrued interest payable	-	1,030	-	593
Other liabilities	8	82	-	27
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	8	244,607	-	148,876
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	64,219
Restricted by contractual or statutory agreements	25,268	-	-	-
Unrestricted net assets, (deficit)	-	36,616	-	-
Total Net Assets (deficit)	25,268	36,616	-	64,219

Schedule 7

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
-	-	-
2,290	91,046	189,109
141	1,224	3,314
-	5,175	13,832
18,458	198,565	626,496
-	-	-
130	1,248	5,120
-	-	-
-	-	-
-	44	44
-	-	-
-	-	-
-	16,856	16,856
21,019	314,158	854,771
14,600	129,542	535,893
-	-	-
3	412	2,038
-	60	177
-	16,856	16,856
-	-	-
-	-	-
14,603	146,870	554,964
-	-	-
6,416	167,288	237,923
-	-	25,268
-	-	36,616
6,416	167,288	299,807

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

NON-HOUSING BONDS

As of June 30, 2010

(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 Building Lease Bonds 1999
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	250	-
Investments	12,907	6,213	1,430	-
Accrued interest receivable	310	419	222	-
Inter-fund due to/from	1,157	1,199	1,099	-
Mortgage loans, notes and other loans	57,334	94,024	51,558	-
Net investment in direct financing lease	-	-	40,867	-
Unamortized bond issuance costs	552	605	626	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	28	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	7,669	-	-	-
Total Assets and Deferred Outflows	79,929	102,488	96,052	-
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	68,870	95,524	91,315	-
Short term debt	-	-	-	-
Accrued interest payable	1,711	356	357	-
Other liabilities	23	33	22	-
Derivative instrument - interest rate swaps	10,037	-	-	-
Intergovernmental payable	-	-	250	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	80,641	95,913	91,944	-
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	(712)	6,575	4,108	-
Total Net Assets (deficit)	(712)	6,575	4,108	-

Schedule 8

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	2,719	2,969
15,848	9,869	46,267
733	374	2,058
3,917	1,969	9,341
135,577	104,361	442,854
-	20,355	61,222
1,029	1,108	3,920
-	-	-
-	-	-
-	-	28
-	-	-
-	-	-
-	-	7,669
157,104	140,755	576,328
141,866	141,277	538,852
-	-	-
583	618	3,625
45	368	491
-	-	10,037
-	2,719	2,969
-	-	-
142,494	144,982	555,974
-	-	-
-	-	-
-	-	-
14,610	(4,227)	20,354
14,610	(4,227)	20,354

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER PROGRAM FUNDS

As of June 30, 2010

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	1,945	9,050	5,008	2,068
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(13,960)	(2,058)	(315)	(819)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	89	15,090	1,149	-
Capital assets - depreciable, net	12	73,206	22,528	46
Other assets	4,965	1,451	58	63
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	13,623	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	6,674	96,739	28,428	1,358
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	4,876	1,182	257	195
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	310	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	4,876	1,492	257	195
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	101	88,296	23,677	46
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	2,027	7,987	5,055	3,043
Unrestricted net assets, (deficit)	(330)	(1,036)	(561)	(1,926)
Total Net Assets (deficit)	1,798	95,247	28,171	1,163

Schedule 9

<u>Other Programs</u>	<u>Combined Total</u>
3	18,074
-	-
-	-
(13,526)	(30,678)
-	-
-	-
-	-
-	16,328
-	95,792
9,868	16,405
-	-
1,066	14,689
-	-
<u>(2,589)</u>	<u>130,610</u>
-	-
-	-
-	-
2,665	9,175
-	-
-	310
-	-
<u>2,665</u>	<u>9,485</u>
-	112,120
-	-
4,199	22,311
(9,453)	(13,306)
<u>(5,254)</u>	<u>121,125</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	19,318	75,938	19,903	39,717
Investment interest	1,206	1,639	1,904	3,287
Net change in the fair value of investments	6,092	(9)	(1)	(5)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	7,298	1,630	1,903	3,282
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	1,241	-	-	-
Total Operating Revenues	27,857	77,568	21,806	42,999
<u>OPERATING EXPENSES</u>				
Interest	866	61,657	16,452	25,922
Mortgage and loan costs	2,523	4,996	1,281	2,113
Financing expenses	701	4,812	(49)	1,291
Provision for loan loss	(1,536)	2,536	2,130	(4,223)
Operations and administration	2,166	12,624	2,893	5,456
Rental housing operating expenses	58	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	4,778	86,625	22,707	30,559
Operating Income (Loss)	23,079	(9,057)	(901)	12,440
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(33,103)	-	-	-
Transfers - Internal	(98,709)	27,088	(28,479)	(1,967)
Change in Net Assets	(108,733)	18,031	(29,380)	10,473
Net assets at beginning of year	940,231	228,882	133,674	289,334
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	940,231	228,882	133,674	289,334
Net Assets at End of Period	831,498	246,913	104,294	299,807

Schedule 10

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
22,979	-	177,855
3,536	33	11,605
240	-	6,317
(794)	-	(794)
2,982	33	17,128
-	191,968	191,968
-	8,697	8,697
-	369	1,610
25,961	201,067	397,258
25,884	8	130,789
1,796	-	12,709
701	-	7,456
1,608	-	515
3,711	22,828	49,678
-	10,944	11,002
-	194,883	194,883
33,700	228,663	407,032
(7,739)	(27,596)	(9,774)
(3,669)	-	(36,772)
67,173	34,894	-
55,765	7,298	(46,546)
(33,837)	113,827	1,672,111
(1,574)	-	(1,574)
(35,411)	113,827	1,670,537
20,354	121,125	1,623,991

ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

REVOLVING FUNDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>OPERATING REVENUES</u>			
Mortgage and loans revenue	19,318	-	19,318
Investment interest	1,193	13	1,206
Net change in the fair value of investments	6,092	-	6,092
Net change of hedge termination	-	-	-
Total Investment Revenue	7,285	13	7,298
Externally funded program	-	-	-
Rental	-	-	-
Other	1,235	6	1,241
Total Operating Revenues	27,838	19	27,857
<u>OPERATING EXPENSES</u>			
Interest	866	-	866
Mortgage and loan costs	2,523	-	2,523
Financing expenses	701	-	701
Provision for loan loss	(1,536)	-	(1,536)
Operations and administration	2,166	-	2,166
Rental housing operating expenses	58	-	58
Housing grants and subsidies	-	-	-
Total Operating Expenses	4,778	-	4,778
Operating Income (Loss)	23,060	19	23,079
<u>NONOPERATING EXPENSES,</u>			
<u>SPECIAL ITEMS & TRANSFERS</u>			
Contributions to the State of Alaska or other State agencies	(33,103)	-	(33,103)
Transfers - Internal	(98,709)	-	(98,709)
Change in Net Assets	(108,752)	19	(108,733)
Net assets at beginning of year	928,809	11,422	940,231
Cummulative effect of accounting change	-	-	-
Revised net assets at beginning of year	928,809	11,422	940,231
Net Assets at End of Period	820,057	11,441	831,498

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	914	1,605	4,783	2,994
Investment interest	206	163	574	163
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	206	163	574	163
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,120	1,768	5,357	3,157
<u>OPERATING EXPENSES</u>				
Interest	853	936	4,008	3,413
Mortgage and loan costs	60	117	331	207
Financing expenses	533	168	276	187
Provision for loan loss	(682)	(169)	(825)	(165)
Operations and administration	78	193	569	378
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	842	1,245	4,359	4,020
Operating Income (Loss)	278	523	998	(863)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(22,940)	2,128	(562)	260
Change in Net Assets	(22,662)	2,651	436	(603)
Net assets at beginning of year	22,662	8,264	21,455	2,541
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	22,662	8,264	21,455	2,541
Net Assets at End of Period	-	10,915	21,891	1,938

Schedule 12

Mortgage Revenue Bonds 2001 A,B	Mortgage Revenue Bonds 2009 A	Combined Total
3,364	-	13,660
15	113	1,234
-	-	-
-	-	-
15	113	1,234
-	-	-
-	-	-
-	-	-
3,379	113	14,894
2,791	-	12,001
231	-	946
175	255	1,594
(188)	-	(2,029)
431	1,568	3,217
-	-	-
-	-	-
3,440	1,823	15,729
(61)	(1,710)	(835)
-	-	-
(301)	5,845	(15,570)
(362)	4,135	(16,405)
8,167	-	63,089
-	-	-
8,167	-	63,089
7,805	4,135	46,684

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

For the Year Ended June 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	9,461	4,124	2,805	3,069
Investment interest	64	20	19	18
Net change in the fair value of investments	(2)	(1)	(1)	(1)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	62	19	18	17
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	9,523	4,143	2,823	3,086
<u>OPERATING EXPENSES</u>				
Interest	6,493	3,598	2,581	2,884
Mortgage and loan costs	553	290	178	201
Financing expenses	642	161	161	161
Provision for loan loss	(282)	77	(237)	(217)
Operations and administration	1,321	578	424	428
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	8,727	4,704	3,107	3,457
Operating Income (Loss)	796	(561)	(284)	(371)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(1,109)	393	(492)	(691)
Change in Net Assets	(313)	(168)	(776)	(1,062)
Net assets at beginning of year	42,014	3,005	3,450	3,170
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	42,014	3,005	3,450	3,170
Net Assets at End of Period	41,701	2,837	2,674	2,108

Schedule 13

Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Home Mortgage Revenue Bonds 2008 B	Combined Total
3,852	3,906	4,107	4,579	3,790	4,243	43,936
22	26	20	27	24	12	252
-	-	(1)	-	(1)	-	(7)
-	-	-	-	-	-	-
22	26	19	27	23	12	245
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,874	3,932	4,126	4,606	3,813	4,255	44,181
3,063	3,036	3,737	3,641	3,688	3,935	36,656
285	284	264	344	242	279	2,920
145	142	140	156	148	88	1,944
(102)	(81)	(47)	(180)	(431)	27	(1,473)
578	556	605	683	524	615	6,312
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,969	3,937	4,699	4,644	4,171	4,944	46,359
(95)	(5)	(573)	(38)	(358)	(689)	(2,178)
-	-	-	-	-	-	-
318	(266)	(554)	44	(792)	41	(3,108)
223	(271)	(1,127)	6	(1,150)	(648)	(5,286)
9,550	9,978	4,664	10,263	4,229	4,728	95,051
-	-	-	-	-	-	-
9,550	9,978	4,664	10,263	4,229	4,728	95,051
9,773	9,707	3,537	10,269	3,079	4,080	89,765

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

For the Year Ended June 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 C	Home Mortgage Revenue Bonds 2009 D
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	5,381	5,414	2,250	5,297
Investment interest	29	29	79	16
Net change in the fair value of investments	-	-	(2)	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	29	29	77	16
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	5,410	5,443	2,327	5,313
<u>OPERATING EXPENSES</u>				
Interest	3,286	3,277	3,080	3,357
Mortgage and loan costs	289	351	155	335
Financing expenses	114	113	195	852
Provision for loan loss	327	20	2,883	2,808
Operations and administration	799	809	651	836
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	4,815	4,570	6,964	8,188
Operating Income (Loss)	595	873	(4,637)	(2,875)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(15)	57	8,412	37,312
Change in Net Assets	580	930	3,775	34,437
Net assets at beginning of year	35,392	35,350	-	-
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	35,392	35,350	-	-
Net Assets at End of Period	35,972	36,280	3,775	34,437

Schedule 14

**Combined
Total**

18,342

153
(2)

-
151

-
-
-

18,493

13,000
1,130
1,274
6,038
3,095

-
-
24,537
(6,044)

-
45,766
39,722

70,742

-
70,742
110,464

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2010

(in thousands of dollars)

	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	375	2,160	1,031	1,089
Investment interest	141	756	592	9
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	141	756	592	9
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	516	2,916	1,623	1,098
<u>OPERATING EXPENSES</u>				
Interest	426	1,983	1,099	880
Mortgage and loan costs	24	144	66	69
Financing expenses	254	119	79	81
Provision for loan loss	(186)	49	28	(7)
Operations and administration	31	242	116	132
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	549	2,537	1,388	1,155
Operating Income (Loss)	(33)	379	235	(57)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(15,949)	(2,661)	(1,104)	(1,328)
Change in Net Assets	(15,982)	(2,282)	(869)	(1,385)
Net assets at beginning of year	15,982	15,031	8,077	6,943
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	15,982	15,031	8,077	6,943
Net Assets at End of Period	-	12,749	7,208	5,558

Schedule 15

Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Collateralized Notes 2008 Second Series	Combined Total
728	11,638	2,882	-	19,903
8	108	50	240	1,904
-	(1)	-	-	(1)
-	-	-	-	-
8	107	50	240	1,903
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
736	11,745	2,932	240	21,806
581	8,563	2,723	197	16,452
48	748	182	-	1,281
289	(1,013)	39	103	(49)
(163)	2,782	(373)	-	2,130
107	1,834	339	92	2,893
-	-	-	-	-
-	-	-	-	-
862	12,914	2,910	392	22,707
(126)	(1,169)	22	(152)	(901)
-	-	-	-	-
(1,426)	503	(6,537)	23	(28,479)
(1,552)	(666)	(6,515)	(129)	(29,380)
6,017	62,772	18,723	129	133,674
-	-	-	-	-
6,017	62,772	18,723	129	133,674
4,465	62,106	12,208	-	104,294

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER HOUSING BONDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	1,277	19,188	420	6,034
Investment interest	5	43	15	107
Net change in the fair value of investments	-	(1)	(1)	(2)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	5	42	14	105
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,282	19,230	434	6,139
<u>OPERATING EXPENSES</u>				
Interest	-	12,708	807	7,158
Mortgage and loan costs	90	742	27	385
Financing expenses	-	941	22	55
Provision for loan loss	213	(2,470)	(1,581)	(87)
Operations and administration	200	2,156	166	1,137
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	503	14,077	(559)	8,648
Operating Income (Loss)	779	5,153	993	(2,509)
<u>NONOPERATING EXPENSES.</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	165	21,886	(35,095)	4,223
Change in Net Assets	944	27,039	(34,102)	1,714
Net assets at beginning of year	24,324	9,577	34,102	62,505
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	24,324	9,577	34,102	62,505
Net Assets at End of Period	25,268	36,616	-	64,219

Schedule 16

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
344	12,454	39,717
4	3,113	3,287
-	(1)	(5)
-	-	-
4	3,112	3,282
-	-	-
-	-	-
-	-	-
348	15,566	42,999
32	5,217	25,922
-	869	2,113
79	194	1,291
-	(298)	(4,223)
151	1,646	5,456
-	-	-
-	-	-
262	7,628	30,559
86	7,938	12,440
-	-	-
5,125	1,729	(1,967)
5,211	9,667	10,473
1,205	157,621	289,334
-	-	-
1,205	157,621	289,334
6,416	167,288	299,807

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NON-HOUSING BONDS

For the Year Ended June 30, 2010

(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 Building Lease Bonds 1999
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	2,286	5,422	2,878	-
Investment interest	227	41	1,846	1,110
Net change in the fair value of investments	67	(19)	-	-
Net change of hedge termination	(794)	-	-	-
Total Investment Revenue	(500)	22	1,846	1,110
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,786	5,444	4,724	1,110
<u>OPERATING EXPENSES</u>				
Interest	2,979	4,209	3,950	273
Mortgage and loan costs	203	441	247	-
Financing expenses	158	70	80	143
Provision for loan loss	446	(52)	39	-
Operations and administration	473	775	425	30
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	4,259	5,443	4,741	446
Operating Income (Loss)	(2,473)	1	(17)	664
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(540)	(952)	-	-
Transfers - Internal	29,696	63	994	(18,491)
Change in Net Assets	26,683	(888)	977	(17,827)
Net assets at beginning of year	(25,821)	7,463	3,131	17,827
Cummulative effect of accounting change	(1,574)	-	-	-
Revised net assets at beginning of year	(27,395)	7,463	3,131	17,827
Net Assets at End of Period	(712)	6,575	4,108	-

Schedule 17

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
8,308	4,085	22,979
276	36	3,536
193	(1)	240
-	-	(794)
469	35	2,982
-	-	-
-	-	-
-	-	-
8,777	4,120	25,961
6,869	7,604	25,884
598	307	1,796
113	137	701
889	286	1,608
1,151	857	3,711
-	-	-
-	-	-
9,620	9,191	33,700
(843)	(5,071)	(7,739)
(2,177)	-	(3,669)
1,275	53,636	67,173
(1,745)	48,565	55,765
16,355	(52,792)	(33,837)
-	-	(1,574)
16,355	(52,792)	(35,411)
14,610	(4,227)	20,354

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	-	-	-	-
Investment interest	4	3	4	22
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	4	3	4	22
Externally funded program	94,931	14,678	2,192	33,439
Rental	-	6,572	2,124	1
Other	1	13	7	6
Total Operating Revenues	94,936	21,266	4,327	33,468
<u>OPERATING EXPENSES</u>				
Interest	-	6	2	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	3,796	11,414	2,522	3,759
Rental housing operating expenses	4	9,098	1,757	76
Housing grants and subsidies	92,965	-	-	30,093
Total Operating Expenses	96,765	20,518	4,281	33,928
Operating Income (Loss)	(1,829)	748	46	(460)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	9,118	1,564	2,090	(68)
Change in Net Assets	7,289	2,312	2,136	(528)
Net assets at beginning of year	(5,491)	92,935	26,035	1,691
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	(5,491)	92,935	26,035	1,691
Net Assets at End of Period	1,798	95,247	28,171	1,163

Schedule 18

Other Programs	Combined Total
-	-
-	33
-	-
-	-
-	33
46,728	191,968
-	8,697
342	369
47,070	201,067
-	8
-	-
-	-
-	-
1,337	22,828
9	10,944
71,825	194,883
73,171	228,663
(26,101)	(27,596)
-	-
22,190	34,894
(3,911)	7,298
(1,343)	113,827
-	-
(1,343)	113,827
(5,254)	121,125

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds and Notes	Combined Other Housing Bonds
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	17,310	71,433	18,913	37,810
Principal payments received on mortgages and loans	45,290	209,468	77,099	99,896
Purchases of mortgages and loans	(295,755)	-	-	-
Receipt (payment) for loan transfers between funds	324,311	(174,757)	(42,327)	(49,020)
Payments to employees and other payroll disbursements	(20,089)	-	-	-
Payments for goods and services	(12,254)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	884,158	297,537	104,389	143,924
Interfund Payments	(897,161)	(291,143)	(98,649)	(140,469)
Grant payments to other agencies	(23,244)	-	-	-
Other operating cash receipts	3,268	10,414	2,649	2,804
Other operating cash payments	(1,591)	(277)	(37)	(120)
Net cash provided by (used for) operating activities	24,243	122,675	62,037	94,825
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	354,576	-	-
Principal paid on bonds	-	(133,280)	(83,530)	(142,195)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,177)	-	-	-
Interest paid	(874)	(72,326)	(16,734)	(25,950)
Proceeds from issuance of short term debt	775,000	-	-	-
Payment of short term debt	(774,800)	-	-	-
Contributions to the State of Alaska or other State agencies	(9,699)	-	-	-
Transfers (to) from other funds	15,537	(38,180)	(45,476)	65,659
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	3,987	110,790	(145,740)	(102,486)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(2,583)	-	-	-
Proceeds from the disposal of capital assets	3	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	(250)	-	-	-
Net cash provided by (used for) capital financing activities	(2,830)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(4,612,214)	(1,449,669)	(603,590)	(1,003,107)
Proceeds from maturity of investments	4,613,887	1,214,632	685,142	1,007,601
Interest received from investments	1,427	1,572	2,151	3,167
Net cash provided by (used for) investing activities	3,100	(233,465)	83,703	7,661
Net Increase (decrease) in cash	28,500	-	-	-
Cash at the beginning of year	9,675	-	-	-
Cash at the end of period	38,175	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	23,079	(9,057)	(901)	12,440
<i>Adjustments:</i>				
Depreciation expense	210	-	-	-
Provision for loan losses	(1,536)	2,536	2,130	(4,223)
Amortization of bond issuance costs	-	2,446	704	836
Net change in the fair value of investments	(6,092)	9	1	5
Transfers between funds for operating activity	(60,089)	13,979	3,102	5,908
Interest received from investments	(1,427)	(1,572)	(2,151)	(3,167)
Interest paid	874	72,326	16,734	25,950
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	73,846	34,711	34,772	50,876
Net increase (decrease) in assets and liabilities	(4,622)	7,297	7,646	6,200
Net cash provided by (used for) operating activities	24,243	122,675	62,037	94,825

Schedule 19

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
21,775	-	167,241
69,941	-	501,694
-	-	(295,755)
(58,207)	-	-
-	(12,948)	(33,037)
-	(11,435)	(23,689)
-	156,641	156,641
-	38,813	38,813
-	(38,963)	(38,963)
92,359	161,201	1,683,568
(92,181)	(163,965)	(1,683,568)
-	(132,431)	(155,675)
668	9,142	28,945
(238)	(22)	(2,285)
34,117	6,033	343,930
-	-	354,576
(14,635)	-	(373,640)
-	-	-
-	-	(1,177)
(23,844)	-	(139,728)
-	-	775,000
-	-	(774,800)
(3,669)	-	(13,368)
2,462	(2)	-
-	-	-
(39,686)	(2)	(173,137)
-	(4,363)	(6,946)
-	17	20
-	-	-
(3,620)	-	(3,620)
-	-	-
(3,279)	-	(3,279)
6,771	-	6,771
-	-	(250)
(128)	(4,346)	(7,304)
(316,284)	(1)	(7,984,865)
323,989	1,605	7,846,856
667	34	9,018
8,372	1,638	(128,991)
2,675	3,323	34,498
294	14,751	24,720
2,969	18,074	59,218
(7,739)	(27,596)	(9,774)
-	6,328	6,538
1,608	-	515
305	-	4,291
(240)	-	(6,317)
4,270	32,830	-
(667)	(34)	(9,018)
27,123	-	143,007
11,734	-	205,939
(2,277)	(5,495)	8,749
34,117	6,033	343,930

ALASKA HOUSING FINANCE CORPORATION

Schedule 20

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

REVOLVING FUNDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	17,310	-	17,310
Principal payments received on mortgages and loans	45,290	-	45,290
Purchases of mortgages and loans	(295,755)	-	(295,755)
Receipt (payment) for loan transfers between funds	324,311	-	324,311
Payments to employees and other payroll disbursements	(20,089)	-	(20,089)
Payments for goods and services	(12,254)	-	(12,254)
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	884,158	-	884,158
Interfund Payments	(897,161)	-	(897,161)
Grant payments to other agencies	(23,244)	-	(23,244)
Other operating cash receipts	3,262	6	3,268
Other operating cash payments	(1,591)	-	(1,591)
Net cash provided by (used for) operating activities	24,237	6	24,243
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(1,177)	-	(1,177)
Interest paid	(874)	-	(874)
Proceeds from issuance of short term debt	775,000	-	775,000
Payment of short term debt	(774,800)	-	(774,800)
Contributions to the State of Alaska or other State agencies	(9,699)	-	(9,699)
Transfers (to) from other funds	15,537	-	15,537
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	3,987	-	3,987
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(2,583)	-	(2,583)
Proceeds from the disposal of capital assets	3	-	3
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from the direct financing lease payments	-	-	-
Other cash payments	(250)	-	(250)
Net cash provided by (used for) capital financing activities	(2,830)	-	(2,830)
<u>Cash flows from investing activities:</u>			
Purchase of investments	(4,601,132)	(11,082)	(4,612,214)
Proceeds from maturity of investments	4,602,819	11,068	4,613,887
Interest received from investments	1,413	14	1,427
Net cash provided by (used for) investing activities	3,100	-	3,100
Net Increase (decrease) in cash	28,494	6	28,500
Cash at the beginning of year	9,318	357	9,675
Cash at the end of period	37,812	363	38,175
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	23,060	19	23,079
<i>Adjustments:</i>			
Depreciation expense	210	-	210
Provision for loan losses	(1,536)	-	(1,536)
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(6,092)	-	(6,092)
Transfers between funds for operating activity	(60,089)	-	(60,089)
Interest received from investments	(1,413)	(14)	(1,427)
Interest paid	874	-	874
<i>Changes in assets and liabilities:</i>			
Net increase (decrease) in mortgages and loans	73,846	-	73,846
Net increase (decrease) in assets and liabilities	(4,623)	1	(4,622)
Net cash provided by (used for) operating activities	24,237	6	24,243

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYER BONDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	724	1,513	4,499	2,809
Principal payments received on mortgages and loans	2,232	3,645	12,916	7,973
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between 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	4,309	5,549	17,780	12,186
Interfund Payments	(2,957)	(5,163)	(17,579)	(11,326)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	4	170	559
Other operating cash payments	-	(8)	(10)	(30)
Net cash provided by (used for) operating activities	4,308	5,540	17,776	12,171
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(14,185)	(5,710)	(15,690)	(9,730)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(11,940)	(972)	(4,036)	(3,461)
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	14,931	(569)	(1,131)	(120)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(11,194)	(7,251)	(20,857)	(13,311)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(4,967)	(8,646)	(25,031)	(38,714)
Proceeds from maturity of investments	11,617	10,189	27,522	39,691
Interest received from investments	236	168	590	163
Net cash provided by (used for) investing activities	6,886	1,711	3,081	1,140
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)	278	523	998	(863)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(682)	(169)	(825)	(165)
Amortization of bond issuance costs	604	166	267	180
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	(189)	197	569	379
Interest received from investments	(236)	(168)	(590)	(163)
Interest paid	11,940	972	4,036	3,461
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	2,232	3,645	12,916	7,973
Net increase (decrease) in assets and liabilities	(9,639)	374	405	1,369
Net cash provided by (used for) operating activities	4,308	5,540	17,776	12,171

Schedule 21

Mortgage Revenue Bonds 2001 A,B	Mortgage Revenue Bonds 2009 A	Combined Total
3,154	-	12,699
8,610	-	35,376
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
11,967	-	51,791
(11,767)	-	(48,792)
-	-	-
-	-	733
-	-	(48)
11,964	-	51,759
-	192,879	192,879
(10,505)	-	(55,820)
-	-	-
-	-	-
(2,854)	-	(23,263)
-	-	-
-	-	-
(649)	4,082	16,544
-	-	-
(14,008)	196,961	130,340
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(31,058)	(197,332)	(305,748)
33,086	368	122,473
16	3	1,176
2,044	(196,961)	(182,099)
-	-	-
-	-	-
-	-	-
(61)	(1,710)	(835)
-	-	-
(188)	-	(2,029)
168	195	1,580
-	-	-
349	1,628	2,933
(16)	(3)	(1,176)
2,854	-	23,263
8,610	-	35,376
248	(110)	(7,353)
11,964	-	51,759

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYER BONDS (continued)

For the Year Ended June 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C
Cash flows from operating activities:				
Interest income on mortgages and loans	8,846	3,824	2,603	2,840
Principal payments received on mortgages and loans	22,916	9,912	7,789	9,781
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(6,604)	-	-	-
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	34,770	14,162	13,168	13,544
Interfund Payments	(32,750)	(14,013)	(11,839)	(13,968)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	1,009	276	1,467	1,363
Other operating cash payments	(33)	(5)	(23)	(25)
Net cash provided by (used for) operating activities	28,154	14,156	13,165	13,535
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(1,215)	(12,560)	(14,225)	(13,570)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(6,223)	(3,838)	(2,773)	(3,126)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(3,277)	-	(1,062)	(1,112)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(10,715)	(16,398)	(18,060)	(17,808)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(163,509)	(50,750)	(55,632)	(48,224)
Proceeds from maturity of investments	146,009	52,972	60,507	52,478
Interest received from investments	61	20	20	19
Net cash provided by (used for) investing activities	(17,439)	2,242	4,895	4,273
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)	796	(561)	(284)	(371)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(282)	77	(237)	(217)
Amortization of bond issuance costs	31	133	141	139
Net change in the fair value of investments	2	1	1	1
Transfers between funds for operating activity	1,469	393	331	191
Interest received from investments	(61)	(20)	(20)	(19)
Interest paid	6,223	3,838	2,773	3,126
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	16,312	9,912	7,789	9,781
Net increase (decrease) in assets and liabilities	3,664	383	2,671	904
Net cash provided by (used for) operating activities	28,154	14,156	13,165	13,535

Schedule 22

Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Home Mortgage Revenue Bonds 2008 B	Combined Total
3,625	3,650	3,795	4,296	3,518	3,932	40,929
12,547	12,432	8,842	13,676	7,978	6,571	112,444
-	-	-	-	-	-	-
(7,399)	(3,500)	-	(7,978)	-	-	(25,481)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,308	17,942	13,081	20,371	12,420	10,567	167,333
(16,200)	(16,357)	(13,787)	(18,168)	(12,824)	(10,706)	(160,612)
-	-	-	-	-	-	-
27	278	1,172	197	1,347	207	7,343
(2)	(7)	(26)	(5)	(21)	(7)	(154)
9,906	14,438	13,077	12,389	12,418	10,564	141,802
-	-	-	-	-	-	-
-	-	(13,070)	-	(16,465)	(6,355)	(77,460)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,041)	(3,101)	(3,786)	(3,687)	(3,754)	(3,950)	(37,279)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(417)	(1,956)	(1,154)	(834)	(805)	(541)	(11,158)
-	-	-	-	-	-	-
(3,458)	(5,057)	(18,010)	(4,521)	(21,024)	(10,846)	(125,897)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(65,039)	(66,715)	(55,348)	(77,920)	(77,475)	(30,982)	(691,594)
58,570	57,310	60,260	70,027	86,056	31,252	675,441
21	24	21	25	25	12	248
(6,448)	(9,381)	4,933	(7,868)	8,606	282	(15,905)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(95)	(5)	(573)	(38)	(358)	(689)	(2,178)
-	-	-	-	-	-	-
(102)	(81)	(47)	(180)	(431)	27	(1,473)
6	4	135	6	145	84	824
-	-	1	-	1	-	7
735	600	301	878	13	582	5,493
(21)	(24)	(21)	(25)	(25)	(12)	(248)
3,041	3,101	3,786	3,687	3,754	3,950	37,279
5,148	8,932	8,842	5,698	7,978	6,571	86,963
1,194	1,911	653	2,363	1,341	51	15,135
9,906	14,438	13,077	12,389	12,418	10,564	141,802

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYER BONDS (continued)

For the Year Ended June 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 C	Home Mortgage Revenue Bonds 2009 D
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	5,067	5,077	2,391	5,270
Principal payments received on mortgages and loans	20,514	20,413	3,428	17,293
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(12,023)	(13,164)	(78,875)	(45,214)
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	25,606	25,987	4,775	22,045
Interfund Payments	(26,537)	(25,804)	(5,820)	(23,578)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	991	317	-	1,030
Other operating cash payments	(41)	(13)	(1)	(20)
Net cash provided by (used for) operating activities	13,577	12,813	(74,102)	(23,174)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	80,827	80,870
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(3,007)	(3,001)	(2,776)	(3,000)
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	(1,093)	(1,455)	1,688	(42,706)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(4,100)	(4,456)	79,739	35,164
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(88,323)	(87,305)	(219,951)	(56,748)
Proceeds from maturity of investments	78,818	78,920	214,236	44,744
Interest received from investments	28	28	78	14
Net cash provided by (used for) investing activities	(9,477)	(8,357)	(5,637)	(11,990)
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)	595	873	(4,637)	(2,875)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	327	20	2,883	2,808
Amortization of bond issuance costs	8	7	20	7
Net change in the fair value of investments	-	-	2	-
Transfers between funds for operating activity	888	978	1,403	2,284
Interest received from investments	(28)	(28)	(78)	(14)
Interest paid	3,007	3,001	2,776	3,000
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	8,491	7,249	(75,447)	(27,921)
Net increase (decrease) in assets and liabilities	289	713	(1,024)	(463)
Net cash provided by (used for) operating activities	13,577	12,813	(74,102)	(23,174)

Schedule 23

<u>Combined Total</u>
17,805
61,648
-
(149,276)
-
-
-
-
-
78,413
(81,739)
-
2,338
(75)
<u>(70,886)</u>
161,697
-
-
(11,784)
-
-
(43,566)
-
<u>106,347</u>
-
-
-
-
-
-
-
-
(452,327)
416,718
148
<u>(35,461)</u>
-
-
-
(6,044)
-
6,038
42
2
5,553
(148)
11,784
(87,628)
(485)
<u>(70,886)</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS AND NOTES - STATE GUARANTEED

For the Year Ended June 30, 2010

(in thousands of dollars)

	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	300	2,045	975	1,039
Principal payments received on mortgages and loans	1,305	7,300	2,775	3,444
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between 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	2,236	9,351	4,113	5,425
Interfund Payments	(1,605)	(9,347)	(3,751)	(4,484)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	2,236	9,349	4,112	5,424
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(12,320)	(5,065)	(3,330)	(6,985)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(326)	(2,008)	(1,116)	(913)
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	(852)	(2,908)	(1,222)	(1,462)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(13,498)	(9,981)	(5,668)	(9,360)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(3,198)	(20,070)	(8,091)	(34,375)
Proceeds from maturity of investments	14,299	19,956	9,056	38,301
Interest received from investments	161	746	591	10
Net cash provided by (used for) investing activities	11,262	632	1,556	3,936
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)	(33)	379	235	(57)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(186)	49	28	(7)
Amortization of bond issuance costs	253	114	77	79
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	(84)	248	117	134
Interest received from investments	(161)	(746)	(591)	(10)
Interest paid	326	2,008	1,116	913
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	1,305	7,300	2,775	3,444
Net increase (decrease) in assets and liabilities	816	(3)	355	928
Net cash provided by (used for) operating activities	2,236	9,349	4,112	5,424

Schedule 24

Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Collateralized Notes 2008 Second Series	Combined Total
688	11,123	2,743	-	18,913
3,365	42,529	16,381	-	77,099
-	-	-	-	-
(998)	(41,329)	-	-	(42,327)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,761	55,403	23,100	-	104,389
(4,280)	(55,239)	(19,943)	-	(98,649)
-	-	-	-	-
231	1,597	821	-	2,649
(5)	(21)	(11)	-	(37)
3,762	14,063	23,091	-	62,037
-	-	-	-	-
(4,800)	(4,135)	(1,895)	(45,000)	(83,530)
-	-	-	-	-
-	-	-	-	-
(600)	(8,577)	(2,729)	(465)	(16,734)
-	-	-	-	-
-	-	-	-	-
(1,531)	(27,069)	(10,360)	(72)	(45,476)
-	-	-	-	-
(6,931)	(39,781)	(14,984)	(45,537)	(145,740)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(25,660)	(332,052)	(134,567)	(45,577)	(603,590)
28,821	357,661	126,412	90,636	685,142
8	109	48	478	2,151
3,169	25,718	(8,107)	45,537	83,703
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(126)	(1,169)	22	(152)	(901)
-	-	-	-	-
(163)	2,782	(373)	-	2,130
-	44	36	101	704
-	1	-	-	1
105	2,192	296	94	3,102
(8)	(109)	(48)	(478)	(2,151)
600	8,577	2,729	465	16,734
2,367	1,200	16,381	-	34,772
987	545	4,048	(30)	7,646
3,762	14,063	23,091	-	62,037

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	1,263	18,414	292	5,700
Principal payments received on mortgages and loans	5,009	32,230	1,121	21,252
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(17,085)	(8,312)	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	5,847	53,277	3,184	28,065
Interfund Payments	(6,274)	(53,857)	(1,413)	(27,339)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	1,735	-	388
Other operating cash payments	-	(30)	-	(7)
Net cash provided by (used for) operating activities	(11,240)	43,457	3,184	28,059
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(49,900)	(80,870)	(1,175)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(12,767)	(1,201)	(7,151)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	25,176	35,523	1
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(37,491)	(46,548)	(8,325)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(7,114)	(282,563)	(111,658)	(406,822)
Proceeds from maturity of investments	18,346	276,554	155,000	386,984
Interest received from investments	8	43	22	104
Net cash provided by (used for) investing activities	11,240	(5,966)	43,364	(19,734)
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)	779	5,153	993	(2,509)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	213	(2,470)	(1,581)	(87)
Amortization of bond issuance costs	-	623	2	46
Net change in the fair value of investments	-	1	1	2
Transfers between funds for operating activity	164	2,943	(228)	1,135
Interest received from investments	(8)	(43)	(22)	(104)
Interest paid	-	12,767	1,201	7,151
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	(12,076)	23,918	1,121	21,252
Net increase (decrease) in assets and liabilities	(312)	565	1,697	1,173
Net cash provided by (used for) operating activities	(11,240)	43,457	3,184	28,059

Schedule 25

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
353	11,788	37,810
1,147	39,137	99,896
-	-	-
-	(23,623)	(49,020)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	53,551	143,924
-	(51,586)	(140,469)
-	-	-
-	681	2,804
-	(83)	(120)
1,500	29,865	94,825
-	-	-
(6,000)	(4,250)	(142,195)
-	-	-
-	-	-
(32)	(4,799)	(25,950)
-	-	-
-	-	-
4,959	-	65,659
-	-	-
(1,073)	(9,049)	(102,486)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(11,182)	(183,768)	(1,003,107)
10,751	159,966	1,007,601
4	2,986	3,167
(427)	(20,816)	7,661
-	-	-
-	-	-
-	-	-
86	7,938	12,440
-	-	-
-	(298)	(4,223)
64	101	836
-	1	5
165	1,729	5,908
(4)	(2,986)	(3,167)
32	4,799	25,950
1,147	15,514	50,876
10	3,067	6,200
1,500	29,865	94,825

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

NON-HOUSING BONDS

For the Year Ended June 30, 2010

(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 Building Lease Bonds 1999
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	2,212	5,057	2,685	-
Principal payments received on mortgages and loans	8,505	13,041	9,147	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,268)	(12,330)	(9,716)	-
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	10,489	19,745	11,602	-
Interfund Payments	(10,723)	(18,399)	(11,835)	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	16	302	136	46
Other operating cash payments	(12)	(4)	-	(179)
Net cash provided by (used for) operating activities	5,219	7,412	2,019	(133)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(395)	(1,570)	(1,965)	(6,005)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(783)	(4,338)	(4,322)	(286)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	(540)	(952)	-	-
Transfers (to) from other funds	800	(800)	533	(1,207)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(918)	(7,660)	(5,754)	(7,498)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	(3,555)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(2,857)	-	-	-
Proceeds from the direct financing lease payments	-	-	3,304	3,467
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(6,412)	-	3,304	3,467
<u>Cash flows from investing activities:</u>				
Purchase of investments	(39,159)	(68,701)	(30,318)	(8,368)
Proceeds from maturity of investments	41,041	68,900	30,874	12,350
Interest received from investments	229	49	10	3
Net cash provided by (used for) investing activities	2,111	248	566	3,985
Net Increase (decrease) in cash	-	-	135	(179)
Cash at the beginning of year	-	-	115	179
Cash at the end of period	-	-	250	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(2,473)	1	(17)	664
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	446	(52)	39	-
Amortization of bond issuance costs	77	33	46	38
Net change in the fair value of investments	(67)	19	-	-
Transfers between funds for operating activity	707	862	210	32
Interest received from investments	(229)	(49)	(10)	(3)
Interest paid	3,640	4,338	4,322	286
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	3,237	711	(569)	-
Net increase (decrease) in assets and liabilities	(119)	1,549	(2,002)	(1,150)
Net cash provided by (used for) operating activities	5,219	7,412	2,019	(133)

Schedule 26

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
7,824	3,997	21,775
19,876	19,372	69,941
-	-	-
(17,595)	(13,298)	(58,207)
-	-	-
-	-	-
-	-	-
-	-	-
26,159	24,364	92,359
(27,805)	(23,419)	(92,181)
-	-	-
99	69	668
(19)	(24)	(238)
8,539	11,061	34,117
-	-	-
(1,020)	(3,680)	(14,635)
-	-	-
-	-	-
(6,603)	(7,512)	(23,844)
-	-	-
-	-	-
(2,177)	-	(3,669)
-	3,136	2,462
-	-	-
(9,800)	(8,056)	(39,686)
-	-	-
-	-	-
-	-	-
(65)	-	(3,620)
-	-	-
(422)	-	(3,279)
-	-	6,771
-	-	-
(487)	-	(128)
(96,910)	(72,828)	(316,284)
98,318	72,506	323,989
340	36	667
1,748	(286)	8,372
-	2,719	2,675
-	-	294
-	2,719	2,969
(843)	(5,071)	(7,739)
-	-	-
889	286	1,608
33	78	305
(193)	1	(240)
1,275	1,184	4,270
(340)	(36)	(667)
7,025	7,512	27,123
2,281	6,074	11,734
(1,588)	1,033	(2,277)
8,539	11,061	34,117

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	-	-	-	-
Principal payments received on mortgages and loans	-	-	-	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	(1,080)	(6,637)	(1,476)	(2,723)
Payments for goods and services	(2,986)	(6,462)	(1,379)	(288)
Cash received for externally funded programs	99,730	15,138	2,194	3,434
Cash received for Federal HAP subsidies	-	-	-	30,576
Payments for Federal HAP subsidies	-	-	-	(30,726)
Interfund Receipts	95,300	17,305	2,882	3,047
Interfund Payments	(99,578)	(18,823)	(3,678)	(3,667)
Grant payments to other agencies	(91,147)	-	-	-
Other operating cash receipts	185	6,488	2,126	7
Other operating cash payments	-	(13)	(3)	(6)
Net cash provided by (used for) operating activities	424	6,996	666	(346)
<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	-	-	-	(2)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	(2)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(88)	(4,209)	(28)	(38)
Proceeds from the disposal of capital assets	-	7	7	3
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(88)	(4,202)	(21)	(35)
<u>Cash flows from investing activities:</u>				
Purchase of investments	(1)	-	-	-
Proceeds from maturity of investments	1,605	-	-	-
Interest received from investments	5	3	3	23
Net cash provided by (used for) investing activities	1,609	3	3	23
Net Increase (decrease) in cash	1,945	2,797	648	(360)
Cash at the beginning of year	-	6,253	4,360	2,428
Cash at the end of period	1,945	9,050	5,008	2,068
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(1,829)	748	46	(460)
<i>Adjustments:</i>				
Depreciation expense	4	5,156	1,157	11
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	9,118	1,491	97	(66)
Interest received from investments	(5)	(3)	(3)	(23)
Interest paid	-	-	-	-
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	(6,864)	(396)	(631)	192
Net cash provided by (used for) operating activities	424	6,996	666	(346)

Schedule 27

Other Programs	Combined Total
-	-
-	-
-	-
-	-
(1,032)	(12,948)
(320)	(11,435)
36,145	156,641
8,237	38,813
(8,237)	(38,963)
42,667	161,201
(38,219)	(163,965)
(41,284)	(132,431)
336	9,142
-	(22)
(1,707)	6,033
-	-
-	-
-	-
-	-
-	-
-	-
-	(2)
-	-
-	(2)
-	(4,363)
-	17
-	-
-	-
-	-
-	-
-	-
-	-
-	(4,346)
-	(1)
-	1,605
-	34
-	1,638
(1,707)	3,323
1,710	14,751
3	18,074
(26,101)	(27,596)
-	6,328
-	-
-	-
-	-
22,190	32,830
-	(34)
-	-
-	-
2,204	(5,495)
(1,707)	6,033