

# ***Semi-Annual Financial Statements***

*Six months ended December 31, 2009*

***North Carolina Housing Finance Agency***

**NORTH CAROLINA HOUSING FINANCE AGENCY  
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

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# NORTH CAROLINA HOUSING FINANCE AGENCY

## BALANCE SHEET

DECEMBER 31, 2009

(Unaudited)

(in thousands)

### ASSETS

#### Current assets:

Cash and cash equivalents	\$	5,638
Restricted cash and cash equivalents		348,708
Accrued interest receivable on investments		1,114
Mortgage loans receivable		126,929
Accrued interest receivable on mortgage loans		10,724
State tax credits receivable		25,035
Other assets		10,015
<b>TOTAL CURRENT ASSETS</b>	<b>\$</b>	<b>528,163</b>

#### Noncurrent assets:

Restricted cash and cash equivalents	\$	1,878
Restricted investments		107,204
Mortgage loans receivable, net		1,354,638
Deferred outflow of resources		4,976
Other assets, net		2,694
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$</b>	<b>1,471,390</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>1,999,553</b>

### LIABILITIES

#### Current liabilities:

Bonds payable	\$	38,865
Accrued interest payable		46,607
Accounts payable		1,329
Deferred revenues		1,035
Other liabilities		185
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$</b>	<b>88,021</b>

#### Noncurrent liabilities:

Bonds payable, net	\$	1,405,653
Derivative instrument - interest rate swap		4,976
Deferred revenues		8,287
Other liabilities		5,426
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$</b>	<b>1,424,342</b>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>1,512,363</b>

### NET ASSETS

Restricted	\$	477,745
Unrestricted		9,445
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b>487,190</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>1,999,553</b>

See Notes to Financial Statements

# NORTH CAROLINA HOUSING FINANCE AGENCY

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

SIX MONTHS ENDED DECEMBER 31, 2009

(Unaudited)

(in thousands)

### OPERATING REVENUES

Interest on investments	\$	6,103
Net decrease in fair value of investments		(53)
Interest on mortgage loans		42,380
Federal program awards received		103,019
Program income/fees		7,228
Other revenues		175
<b>TOTAL OPERATING REVENUES</b>	<b>\$</b>	<b>158,852</b>

### OPERATING EXPENSES

Interest on bonds	\$	36,193
Mortgage servicing expense		2,358
Federal program expense		102,514
Nonfederal program expense		483
General and administrative		8,304
Other expenses		3,124
<b>TOTAL OPERATING EXPENSES</b>	<b>\$</b>	<b>152,976</b>

### OPERATING INCOME

\$ 5,876

### NONOPERATING REVENUES (EXPENSES)

State appropriations received	\$	6,695
State grant received		2,250
State program expense		(30,770)
<b>TOTAL NONOPERATING EXPENSES</b>	<b>\$</b>	<b>(21,825)</b>

### CHANGE IN NET ASSETS

\$ (15,949)

### NET ASSETS-BEGINNING

\$ 503,139

### NET ASSETS-ENDING

\$ 487,190

# NORTH CAROLINA HOUSING FINANCE AGENCY

## STATEMENT OF CASH FLOWS

SIX MONTHS ENDED DECEMBER 31, 2009

(Unaudited)

(in thousands)

<b>Cash flows from operating activities:</b>	
Interest on mortgage loans	\$ 41,773
Principal payments on mortgage loans	72,529
Purchase of mortgage loans	(21,554)
Federal awards received	104,989
Federal program expense	(104,071)
Nonfederal program expense	(483)
Federal grant administration income	3,524
Program income/fees	3,794
Other expenses	(11,293)
Other revenues	618
<b>Net cash provided by operating activities</b>	<b>\$ 89,826</b>
<b>Cash flows from non-capital financing activities:</b>	
Principal repayments on bonds	\$ (56,030)
Interest paid	(37,918)
Bond issuance costs paid	(60)
State appropriations received	6,695
State grant received	2,250
State tax credits	28,509
State program expense	(30,770)
<b>Net cash used in non-capital financing activities</b>	<b>\$ (87,324)</b>
<b>Cash flows from investing activities:</b>	
Proceeds from sales or maturities of investments	\$ 52,479
Purchase of investments	(46,044)
Earnings on investments	6,356
<b>Net cash provided by investing activities</b>	<b>\$ 12,791</b>
Net increase in cash	15,293
Cash and cash equivalents at beginning of year	340,931
<b>Cash and cash equivalents at end of period</b>	<b>\$ 356,224</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 5,876
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>	
Interest on investments	(6,103)
Decrease in fair value of investments	53
Interest on bonds	36,193
<b>Change in assets and liabilities:</b>	
Decrease in mortgage loans	54,020
Increase in interest receivable on mortgage loans	(744)
Decrease in other assets	2,906
Decrease in accounts payable and other liabilities	(2,458)
Increase in deferred revenues	83
<b>Total adjustments</b>	<b>\$ 83,950</b>
<b>Net cash provided by operating activities</b>	<b>\$ 89,826</b>

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS *(Unaudited)*

**A. BASIS OF PRESENTATION** The Agency applies all statements issued by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, except those that conflict with the GASB. For full note disclosure, refer to the June 30, 2009 financials posted on the website at [www.nchfa.com](http://www.nchfa.com).

**Programs** The Agency's accounts are organized on the basis of programs. Each program represents a separate accounting entity. Agency resources are allocated to these programs based on legal responsibility, fiscal accountability and management designation. A summary of the Agency's primary programs are as follows:

Agency Programs Direct administrative and operational activities, including operating expenses of various programs, are recorded in Agency Programs.

Home Ownership Bond Programs The Home Ownership Bond Programs were created through various single family bond resolutions and are restricted as to their use. The proceeds of individual bond issues are used to purchase first mortgage loans on single family residential units or to purchase first or second mortgage loans.

Rental Bond Programs The Rental Bond Programs were created through various multifamily bond resolutions and are restricted as to their use. The proceeds of individual bond issues are used to provide mortgage loans to developers of rental housing projects.

Housing Trust Fund Programs The North Carolina Housing Trust and Oil Overcharge Act created the North Carolina Housing Trust Fund (Housing Trust Fund) and the North Carolina Housing Partnership (Housing Partnership). The purpose of the Housing Trust Fund is to increase the supply of decent, affordable and energy efficient housing for residents of the State with low and moderate incomes. The General Assembly of the State of North Carolina ("General Assembly") has appropriated funds; substantially all of which are to be used to make loans and grants under the Housing Trust Fund Programs. The Agency received State appropriations in the amount of \$4,583,000 for the six months ended December 31, 2009. The Housing Partnership is responsible for developing policy with respect to the operation of programs within the Housing Trust Fund. The Agency provides staff services to the Housing Partnership and administers the Housing Trust Fund Programs.

Federal and State Programs The Agency administers nine federal programs. The Section 8 Lower Income Housing Assistance Payment Program, the HOME Investment Partnership Program and the Low Income Housing Projects in Lieu of Tax Credits Program represent 99% of federal program expenditures. The Agency receives a fee for administering the Section 8 and HOME Investment Partnership Programs. The HOME Investment Partnership Program is matched with funds appropriated by the General Assembly, the amount of matching funds received during the six months ended December 31, 2009 was \$737,000. Additionally, \$1,375,000 was received from the State to assist homeowners who are at risk for foreclosure due to job loss. These monies from the State are reported in the financial statements as non-operating revenues.

**B. BONDS PAYABLE**

Bonds payable activity for the six months ended December 31, 2009 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions*</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Bonds Payable</b>				
Home Ownership	\$ 1,485,430	\$ -	\$ (54,495)	\$ 1,430,935
Rental	<u>32,355</u>	<u>-</u>	<u>(1,535)</u>	<u>30,820</u>
	<u>\$ 1,517,785</u>	<u>\$ -</u>	<u>\$ (56,030)</u>	<u>\$ 1,461,755</u>
Less Deferred Bond Financing Costs				
Home Ownership	\$ (16,397)	\$ (60)	\$ 720	\$ (15,737)
Rental	<u>(1,613)</u>	<u>-</u>	<u>113</u>	<u>(1,500)</u>
	<u>\$ (18,010)</u>	<u>\$ (60)</u>	<u>\$ 833</u>	<u>\$ (17,237)</u>
<b>Total Bonds Payable, Net</b>	<b><u>\$ 1,499,775</u></b>	<b><u>\$ (60)</u></b>	<b><u>\$ (55,197)</u></b>	<b><u>\$ 1,444,518</u></b>

Bonds payable as of December 31, 2009 are as follows (in thousands):

<u>Issue</u>	<u>Stated Rates (%)</u>	<u>Final Maturity</u>	<u>Principal Amount</u>
<b>Single Family Revenue Bonds</b> (1985 Resolution)			
Series AABB	6.25 - 6.50	2026	\$5,575
Series CCDD	5.60 - 6.20	2027	3,690
Series EEFF	5.90 - 6.25	2028	3,975
Series GGHH	5.90 - 6.30	2028	5,140
Series IIJJ	6.15 - 6.45	2028	9,235
Series KKLL	5.88 - 6.20	2028	4,855
Series MMNN	5.40 - 5.95	2028	3,250
Series OOPP	5.80 - 6.25	2028	8,070
Series QQRR	5.20 - 5.85	2028	12,100
Series SSTT	5.10 - 5.70	2028	5,475
Series UUVV	4.75 - 5.35	2029	9,285
Series WW	6.25	2018	<u>25,765</u>
			<u>96,415</u>

<u>Issue</u>	<u>Stated Rates (%)</u>	<u>Final Maturity</u>	<u>Principal Amount</u>
<b>Home Ownership Revenue Bonds</b> (1998 Trust Agreement)			
Series 1	5.00 - 5.38	2030	\$18,135
Series 2	4.60 - 5.25	2030	10,195
Series 3	4.45 - 5.20	2030	21,785
Series 4	4.60 - 5.30	2030	17,365
Series 5	5.00 - 5.63	2030	15,495
Series 6	5.35 - 6.20	2030	8,970
Series 7	5.40 - 6.25	2031	16,915
Series 8	5.95 - 6.40	2031	5,470
Series 9	4.85 - 5.88	2032	29,395
Series 10	4.25 - 5.40	2033	16,720
Series 11	4.25 - 5.38	2033	30,860
Series 12	4.45 - 5.45	2033	36,125
Series 13	4.45 - 5.35	2034	37,695
Series 14	4.40 - 5.53	2034	43,295
Series 15	Variable - 4.95	2032	31,595
Series 16	Variable - 5.38	2032	32,075
Series 17	Variable - 5.00	2034	36,795
Series 18	Variable - 5.00	2035	33,960
Series 19	3.20 - 5.25	2035	49,640
Series 20	3.35 - 4.75	2035	51,145
Series 21	3.25 - 5.00	2035	52,635
Series 22 A	3.75 - 5.50	2037	56,495
Series 22 CE	3.90 - 5.25	2039	78,695
Series 23	3.55 - 5.00	2037	56,215
Series 24	3.65 - 5.50	2038	75,995
Series 25	4.00 - 5.75	2037	59,295
Series 26	3.50 - 5.50	2038	60,885
Series 27 A	3.80 - 6.00	2038	64,480
Series 28	3.55 - 5.50	2039	62,740
Series 29	3.85 - 5.50	2038	95,955
Series 30	3.50 - 5.50	2039	64,320
Series 31	3.30 - 5.50	2038	63,180
			<u>1,334,520</u>
<b>Home Ownership Revenue Bonds*</b> (2009 Trust Agreement)			
Series A			<u>\$ 0</u>
			<u>1,430,935</u>
<b>Less Deferred Bond Financing Cost</b>			<u>(15,737)</u>
<b>Total Home Ownership Bond Programs</b>			<b><u>\$1,415,198</u></b>

\*On December 18, 2009, the Agency incurred bond issuance cost for the 2009 Resolution Series A Home Ownership Revenue Bonds dated January 12, 2010. See note C. Subsequent Events paragraph two.

<u>Issue</u>	<u>Stated Rates (%)</u>	<u>Final Maturity</u>	<u>Principal Amount</u>
<b>Multifamily Revenue Bonds</b>			
(1984 Resolution)			
Series F/G	6.60 - 8.25	2027	\$2,670
Series H/I	5.95 - 7.85	2028	9,640
Series J	5.05 - 5.55	2029	<u>700</u>
			13,010
<b>Multifamily Revenue Refunding Bonds</b>			
(1992 Resolution)			
Series C	3.05 - 4.80	2024	11,780
<b>Multifamily Revenue Bonds</b>			
(1994 Resolution)			
Series 1994	5.35 - 5.45	2024	2,140
<b>Multifamily Revenue Bonds</b>			
(1995 Resolution)			
Series A	5.80 - 5.90	2020	<u>3,890</u>
			<u>30,820</u>
<b>Less deferred bond financing costs</b>			<u>(1,500)</u>
<b>Total Rental Bond Programs</b>			<b><u>\$29,320</u></b>

**Special Facilities (Conduits)** The Agency issued the Housing Facilities Revenue Bonds, Multifamily Housing Revenue Bonds and Student Housing Variable and Taxable Rate Revenue Bonds which are not presented in the basic financial statements of the Agency. These bonds are secured solely by the properties and related revenues of the projects and the applicable credit enhancements, with the exception of the 2002 Resolution, which is secured by payments received on GNMA mortgages. These bonds do not constitute a debt of and are not guaranteed by the State of North Carolina, any political subdivision thereof or the Agency. Accordingly, these obligations are excluded from the Agency's financial statements.

Bonds Payable as of December 31, 2009 for Special Facilities are as follows (in thousands):

<u>Issue</u>	<u>Bond Type</u>	<u>Bonds Outstanding</u>
2000 Resolution* (Series A/B)	Student Housing Variable and Taxable Rate Revenue Bonds	\$16,775
2002 Resolution* (Series A, B, C, D)	Multifamily Housing Revenue Bonds	8,925
2002 Resolution*	Housing Facilities Revenue Bonds	4,400
2009 Resolution	Rural Housing Preservation Multifamily Revenue Bonds	<u>8,764</u>
<b>Total Special Facilities (Conduits)</b>		<b><u>\$38,864</u></b>

\*These are Section 501(c)3 entities and did not require volume cap when bonds were issued.

**C. SUBSEQUENT EVENTS**

On January 1, 2010, the Agency called bonds from prepayments and excess debt service reserve funds in the amounts of \$3,965,000 and \$34,460,000 for the 1985 and 1998 Single Family Home Ownership Resolutions respectively.

The Agency issued the 2009 Resolution Series A Home Ownership Revenue Bonds January 12, 2010. These new bonds were issued under the New Issue Bond Program (NIBP) offered by the United States Treasury.



***North Carolina Housing Finance Agency***

***Additional Information***

# NORTH CAROLINA HOUSING FINANCE AGENCY

## COMBINING BALANCE SHEET

DECEMBER 31, 2009

(Unaudited)

(in thousands)	AGENCY	GRANT PROGRAMS		HOME OWNERSHIP BOND PROGRAMS	
	PROGRAMS	Housing Trust	Federal and	1985	1998
		Fund	State Programs		
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 5,638	-	-	-	-
Restricted cash and cash equivalents	50,140	38,947	26,605	24,104	177,876
Accrued interest receivable on investments	18	57	-	703	249
Mortgage loans receivable	541	973	3,972	14,020	106,116
Accrued interest receivable on mortgage loans	82	9	15	1,111	9,326
State tax credit receivable	25,035	-	-	-	-
Other assets	37	-	834	1,080	8,057
Interprogram receivable/(payable)	833	(16)	(1,049)	6	(86)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 82,324</b>	<b>39,970</b>	<b>30,377</b>	<b>41,024</b>	<b>301,538</b>
<b>Noncurrent assets:</b>					
Restricted cash and cash equivalents	\$ -	-	-	-	1,878
Restricted investments	-	-	-	33,714	55,847
Mortgage loans receivable, net	4,725	16,037	60,155	107,295	1,135,277
Deferred outflow of resources	-	-	-	-	4,976
Other assets, net	2,694	-	-	-	-
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$ 7,419</b>	<b>16,037</b>	<b>60,155</b>	<b>141,009</b>	<b>1,197,978</b>
<b>TOTAL ASSETS</b>	<b>\$ 89,743</b>	<b>56,007</b>	<b>90,532</b>	<b>182,033</b>	<b>1,499,516</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Bonds payable	\$ -	-	-	5,595	31,990
Accrued interest payable	-	-	-	1,938	43,842
Accounts payable	170	-	867	-	291
Deferred revenues	1,035	-	-	-	-
Other liabilities	149	2	10	-	24
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 1,354</b>	<b>2</b>	<b>877</b>	<b>7,533</b>	<b>76,147</b>
<b>Noncurrent liabilities:</b>					
Bonds payable, net	-	-	-	89,096	1,288,577
Derivative instrument - interest rate swap	-	-	-	-	4,976
Deferred revenues	8,287	-	-	-	-
Other liabilities	4,029	-	-	63	1,334
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 12,316</b>	<b>-</b>	<b>-</b>	<b>89,159</b>	<b>1,294,887</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 13,670</b>	<b>2</b>	<b>877</b>	<b>96,692</b>	<b>1,371,034</b>
<b>NET ASSETS</b>					
Restricted	\$ 66,628	56,005	89,655	85,341	128,482
Unrestricted	9,445	-	-	-	-
<b>TOTAL NET ASSETS</b>	<b>\$ 76,073</b>	<b>56,005</b>	<b>89,655</b>	<b>85,341</b>	<b>128,482</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 89,743</b>	<b>56,007</b>	<b>90,532</b>	<b>182,033</b>	<b>1,499,516</b>

HOME OWNERSHIP BOND PROGRAMS	RENTAL BOND PROGRAMS					
2009	1984	1992	1994	1995	TOTAL	
-	-	-	-	-	-	\$ 5,638
162	13,732	16,801	-	341	-	348,708
-	19	24	44	-	-	1,114
-	351	513	105	338	-	126,929
-	85	53	16	27	-	10,724
-	-	-	-	-	-	25,035
-	-	-	-	7	-	10,015
-	-	306	-	6	-	-
162	14,187	17,697	165	719	-	\$ 528,163
-	-	-	-	-	-	\$ 1,878
-	8,853	2,632	3,333	2,825	-	107,204
-	13,162	10,754	2,863	4,370	-	1,354,638
-	-	-	-	-	-	4,976
-	-	-	-	-	-	2,694
-	22,015	13,386	6,196	7,195	-	\$ 1,471,390
162	36,202	31,083	6,361	7,914	-	\$ 1,999,553
-	385	505	100	290	-	\$ 38,865
-	419	255	39	114	-	46,607
-	-	-	-	1	-	1,329
-	-	-	-	-	-	1,035
-	-	-	-	-	-	185
-	804	760	139	405	-	\$ 88,021
(60)	11,875	10,786	1,984	3,395	-	\$ 1,405,653
-	-	-	-	-	-	4,976
-	-	-	-	-	-	8,287
-	-	-	-	-	-	5,426
(60)	11,875	10,786	1,984	3,395	-	\$ 1,424,342
(60)	12,679	11,546	2,123	3,800	-	\$ 1,512,363
222	23,523	19,537	4,238	4,114	-	\$ 477,745
-	-	-	-	-	-	9,445
222	23,523	19,537	4,238	4,114	-	\$ 487,190
162	36,202	31,083	6,361	7,914	-	\$ 1,999,553

# NORTH CAROLINA HOUSING FINANCE AGENCY

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

SIX MONTHS ENDED DECEMBER 31, 2009

(Unaudited)

(in thousands)	AGENCY	GRANT PROGRAMS		HOME OWNERSHIP BOND PROGRAMS	
	PROGRAMS	Housing Trust Fund	Federal and State Programs	1985	1998
<b>OPERATING REVENUES</b>					
Interest on investments	\$ 471	361	103	1,469	2,956
Net decrease in fair value of investments	-	-	-	(47)	-
Interest on mortgage loans	51	168	395	4,079	36,589
Federal program awards received	-	-	103,019	-	-
Program income/fees	2,303	333	4,592	-	-
Other revenues	141	-	-	-	34
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 2,966</b>	<b>862</b>	<b>108,109</b>	<b>5,501</b>	<b>39,579</b>
<b>OPERATING EXPENSES</b>					
Interest on bonds	-	-	-	3,047	32,176
Mortgage servicing expense	2	-	-	220	2,118
Federal program expense	117	-	102,397	-	-
Nonfederal program expense	483	-	-	-	-
General and administrative	5,733	-	2,116	15	433
Other expenses	45	551	1,619	24	883
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 6,380</b>	<b>551</b>	<b>106,132</b>	<b>3,306</b>	<b>35,610</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (3,414)</b>	<b>311</b>	<b>1,977</b>	<b>2,195</b>	<b>3,969</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Transfers in (out)	2,607	(44)	(1,864)	(197)	(25)
State appropriations received	-	4,583	2,112	-	-
State grant received	-	-	2,250	-	-
State program expense	(18,811)	(10,210)	(1,749)	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>\$ (16,204)</b>	<b>(5,671)</b>	<b>749</b>	<b>(197)</b>	<b>(25)</b>
<b>Change in net assets</b>	<b>\$ (19,618)</b>	<b>(5,360)</b>	<b>2,726</b>	<b>1,998</b>	<b>3,944</b>
<b>Total net assets - beginning</b>	<b>95,691</b>	<b>61,365</b>	<b>86,929</b>	<b>83,343</b>	<b>124,538</b>
<b>Total net assets - ending</b>	<b>\$ 76,073</b>	<b>56,005</b>	<b>89,655</b>	<b>85,341</b>	<b>128,482</b>

HOME OWNERSHIP BOND PROGRAMS	RENTAL BOND PROGRAMS						
2009	1984	1992	1994	1995		TOTAL	
-	386	207	67	83	\$	6,103	
-	(6)	-	-	-		(53)	
-	509	319	95	175		42,380	
-	-	-	-	-		103,019	
-	-	-	-	-		7,228	
-	-	-	-	-		175	
-	889	526	162	258	\$	158,852	
-	460	273	74	163	\$	36,193	
-	7	6	2	3		2,358	
-	-	-	-	-		102,514	
-	-	-	-	-		483	
-	3	1	1	2		8,304	
-	2	-	-	-		3,124	
-	472	280	77	168	\$	152,976	
-	417	246	85	90	\$	5,876	
222	-	(699)	-	-		-	
-	-	-	-	-		6,695	
-	-	-	-	-		2,250	
-	-	-	-	-		(30,770)	
222	-	(699)	-	-	\$	(21,825)	
222	417	(453)	85	90	\$	(15,949)	
-	23,106	19,990	4,153	4,024	\$	503,139	
222	23,523	19,537	4,238	4,114	\$	487,190	

# NORTH CAROLINA HOUSING FINANCE AGENCY

## COMBINING STATEMENT OF CASH FLOWS

SIX MONTHS ENDED DECEMBER 31, 2009

(Unaudited)

(in thousands)	AGENCY PROGRAMS			HOME OWNERSHIP PROGRAMS	
		GRANT	PROGRAMS	1985	1998
		Housing Trust Fund	Federal and State Programs		
<b>Cash flows from operating activities:</b>					
Interest on mortgage loans	\$ 64	170	394	3,961	36,081
Principal payments on mortgage loans	363	493	1,959	6,014	62,511
Purchase of mortgage loans	-	(1,197)	(3,315)	(9,186)	(7,856)
Federal awards received	-	-	104,989	-	-
Federal program expense	(117)	-	(103,954)	-	-
Nonfederal program expense	(483)	-	-	-	-
Federal grant administration income	-	-	3,524	-	-
Program income/fees	2,393	333	1,068	-	-
Other expenses	(6,075)	(2)	(2,424)	(248)	(2,518)
Other revenues	669	-	-	(29)	297
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (3,186)</b>	<b>(203)</b>	<b>2,241</b>	<b>512</b>	<b>88,515</b>
<b>Cash flows from non-capital financing activities:</b>					
Principal repayments on bonds	\$ -	-	-	(6,095)	(48,400)
Interest paid	-	-	-	(3,051)	(33,967)
Bond issuance costs paid	-	-	-	-	-
Net transfers	2,607	(44)	(1,864)	(197)	(25)
State appropriations received	-	4,583	2,112	-	-
State grant received	-	-	2,250	-	-
State tax credits	28,509	-	-	-	-
State program expense	(18,811)	(10,210)	(1,749)	-	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>\$ 12,305</b>	<b>(5,671)</b>	<b>749</b>	<b>(9,343)</b>	<b>(82,392)</b>
<b>Cash flows from investing activities:</b>					
Proceeds from sales or maturities of investments	-	-	-	16,398	33,061
Purchase of investments	-	-	-	(8,289)	(34,855)
Earnings on investments	473	369	103	1,588	2,908
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 473</b>	<b>369</b>	<b>103</b>	<b>9,697</b>	<b>1,114</b>
Net Increase (decrease) in cash	\$ 9,592	(5,505)	3,093	866	7,237
Cash and cash equivalents at beginning of year	46,186	44,452	23,512	23,238	172,517
<b>Cash and cash equivalents at end of period</b>	<b>\$ 55,778</b>	<b>38,947</b>	<b>26,605</b>	<b>24,104</b>	<b>179,754</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (3,414)	311	1,977	2,195	3,969
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>					
Interest on investments	(471)	(361)	(103)	(1,469)	(2,956)
Decrease in fair value of investments	-	-	-	47	-
Interest on bonds	-	-	-	3,047	32,176
<b>Change in assets and liabilities:</b>					
(Increase) decrease in mortgage loans	281	(153)	262	(3,178)	55,619
(Increase) decrease in interest receivable on mortgage loans	13	2	(1)	(101)	(662)
(Increase) decrease in other assets	1,021	-	1,970	(29)	263
Increase (decrease) in accounts payable and other liabilities	(699)	(2)	(1,864)	-	106
Increase in deferred revenues	83	-	-	-	-
<b>Total adjustments</b>	<b>\$ 228</b>	<b>(514)</b>	<b>264</b>	<b>(1,683)</b>	<b>84,546</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (3,186)</b>	<b>(203)</b>	<b>2,241</b>	<b>512</b>	<b>88,515</b>

**HOME OWNERSHIP  
BOND PROGRAMS**

**RENTAL BOND PROGRAMS**

<b>2009</b>	<b>1984</b>	<b>1992</b>	<b>1994</b>	<b>1995</b>	<b>Total</b>
-	510	320	95	178	\$ 41,773
-	181	268	55	685	72,529
-	-	-	-	-	(21,554)
-	-	-	-	-	104,989
-	-	-	-	-	(104,071)
-	-	-	-	-	(483)
-	-	-	-	-	3,524
-	-	-	-	-	3,794
-	(12)	(7)	(3)	(4)	(11,293)
-	-	(306)	-	(13)	618
-	<b>679</b>	<b>275</b>	<b>147</b>	<b>846</b>	<b>\$ 89,826</b>
-	(565)	(240)	(55)	(675)	\$ (56,030)
-	(437)	(260)	(59)	(144)	(37,918)
(60)	-	-	-	-	(60)
222	-	(699)	-	-	-
-	-	-	-	-	6,695
-	-	-	-	-	2,250
-	-	-	-	-	28,509
-	-	-	-	-	(30,770)
<b>162</b>	<b>(1,002)</b>	<b>(1,199)</b>	<b>(114)</b>	<b>(819)</b>	<b>\$ (87,324)</b>
-	1,609	506	115	790	\$ 52,479
-	(1,070)	(702)	(211)	(917)	(46,044)
-	562	208	62	83	6,356
-	<b>1,101</b>	<b>12</b>	<b>(34)</b>	<b>(44)</b>	<b>\$ 12,791</b>
162	778	(912)	(1)	(17)	\$ 15,293
-	12,954	17,713	1	358	340,931
<b>162</b>	<b>13,732</b>	<b>16,801</b>	<b>-</b>	<b>341</b>	<b>\$ 356,224</b>
-	417	246	85	90	\$ 5,876
-	(386)	(207)	(67)	(83)	(6,103)
-	6	-	-	-	53
-	460	273	74	163	36,193
-	181	268	55	685	54,020
-	1	1	-	3	(744)
-	-	(306)	-	(13)	2,906
-	-	-	-	1	(2,458)
-	-	-	-	-	83
-	<b>262</b>	<b>29</b>	<b>62</b>	<b>756</b>	<b>\$ 83,950</b>
-	<b>679</b>	<b>275</b>	<b>147</b>	<b>846</b>	<b>\$ 89,826</b>