

# Semi-annual Financial Statements

*Six months ended December 31, 2005*

North Carolina Housing Finance Agency

**NORTH CAROLINA HOUSING FINANCE AGENCY  
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005**

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# NORTH CAROLINA HOUSING FINANCE AGENCY

BALANCE SHEET  
DECEMBER 31, 2005  
(Unaudited)

(in thousands)

## ASSETS

### Current assets:

Cash and cash equivalents	\$	399
Restricted cash and cash equivalents		104,728
Investments		202
Restricted investments		1,721
Investments - reverse repurchase agreements		4,847
Accrued interest receivable on investments		4,107
Accrued interest receivable on mortgage loans		8,557
State tax credits receivable		15,877
Other assets		13,624
<b>TOTAL CURRENT ASSETS</b>		<u>154,062</u>

### Noncurrent assets:

Restricted cash and cash equivalents		6,390
Investments		5,694
Restricted investments		522,814
Mortgage loans receivable, net		1,184,432
Other assets, net		1,859
<b>TOTAL NONCURRENT ASSETS</b>		<u>1,721,189</u>
<b>TOTAL ASSETS</b>		<u>1,875,251</u>

## LIABILITIES

### Current liabilities:

Bonds payable		98,055
Accrued interest payable		10,613
Accounts payable		1,559
Deferred revenues		677
Obligations under reverse repurchase agreements		4,847
Other liabilities		87
<b>TOTAL CURRENT LIABILITIES</b>		<u>115,838</u>

### Noncurrent liabilities:

Bonds payable, net		1,395,774
Deferred revenues		6,680
Other liabilities		3,598
<b>TOTAL NONCURRENT LIABILITIES</b>		<u>1,406,052</u>
<b>TOTAL LIABILITIES</b>		<u>1,521,890</u>

## NET ASSETS

Restricted		339,537
Unrestricted		13,824
<b>TOTAL NET ASSETS</b>		<u>353,361</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	<u>1,875,251</u>

# NORTH CAROLINA HOUSING FINANCE AGENCY

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

SIX MONTHS ENDED DECEMBER 31, 2005

(Unaudited)

(in thousands)

### OPERATING REVENUES

Interest on investments	\$	11,821
Net decrease in fair value of investments		(1,119)
Interest on mortgage loans		34,693
Federal program awards received		67,372
Program income/fees		6,967
Other revenues		618
<b>TOTAL OPERATING REVENUES</b>		<u>120,352</u>

### OPERATING EXPENSES

Interest on bonds		35,297
Mortgage servicing expense		1,874
Federal program expense		61,686
Nonfederal program expense		309
General and administrative		6,374
Other expenses		754
<b>TOTAL OPERATING EXPENSES</b>		<u>106,294</u>

### OPERATING INCOME

14,058

### NONOPERATING REVENUES (EXPENSES)

State appropriations received		4,655
State program expense		(26,507)
<b>TOTAL NONOPERATING REVENUES ( EXPENSES)</b>		<u>(21,852)</u>

### CHANGE IN NET ASSETS

(7,794)

### NET ASSETS-BEGINNING

361,155

### NET ASSETS-ENDING

\$ 353,361

See Notes to Financial Statements

# NORTH CAROLINA HOUSING FINANCE AGENCY

## STATEMENT OF CASH FLOWS

SIX MONTHS ENDED DECEMBER 31, 2005

(Unaudited)

(in thousands)

<b>Cash flows from operating activities:</b>	
Interest on mortgage loans	\$ 35,877
Principal payments on mortgage loans	74,752
Purchase of mortgage loans	(93,044)
Federal awards received	69,760
Federal program expense	(62,517)
Nonfederal program expense	(309)
Federal grant administration income	3,476
Program income/fees	3,949
Other expenses	(9,426)
Other revenues	(6,868)
<b>Net cash provided by operating activities</b>	<b>15,650</b>
<b>Cash flows from non-capital financing activities:</b>	
Issuance of bonds	250,000
Principal repayments	(48,675)
Interest paid	(31,837)
Bond issuance costs paid	(1,162)
State appropriations received	4,655
State tax credits	32,475
State program expense	(26,507)
<b>Net cash provided by non-capital financing activities</b>	<b>178,949</b>
<b>Cash flows from investing activities:</b>	
Proceeds from sales or maturities of investments	78,161
Purchase of investments	(386,686)
Earnings on investments	10,227
<b>Net cash used in investing activities</b>	<b>(298,298)</b>
Net decrease in cash	(103,699)
Cash and cash equivalents at beginning of year	215,216
<b>Cash and cash equivalents at end of period</b>	<b>111,517</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	14,058
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>	
Interest on investments	(11,821)
Decrease in fair value of investments	1,119
Interest on bonds	35,297
Change in assets and liabilities:	
Increase in mortgage loans	(18,559)
Decrease in interest receivable on mortgage loans	1,233
Increase in other assets	(4,571)
Decrease in accounts payable and other liabilities	(1,719)
Increase in deferred revenues	613
<b>Total adjustments</b>	<b>1,592</b>
<b>Net cash provided by operating activities</b>	<b>\$ 15,650</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.

**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 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 \$3,499,310 for the six months ended December 31, 2005. 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 six federal programs. The Section 8 Lower Income Housing Assistance Payment Program and the HOME Investment Partnership Program represent 98.1% of federal program expenditures. The Agency receives a fee for administering these programs. The HOME Investment Partnership Program is matched with funds appropriated by the General Assembly of the State, the amount of matching funds received during the six months ended December 31, 2005 was \$876,162. Additionally, \$280,000 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 nonoperating revenues.

## B. BONDS PAYABLE

Bonds payable activity for the six months ended December 31, 2005 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	\$1,176,460	\$250,000	\$(23,005)	\$1,403,455
Rental	<u>135,405</u>	<u>-</u>	<u>(25,670)</u>	<u>109,735</u>
	<u>\$1,311,865</u>	<u>\$250,000</u>	<u>\$(48,675)</u>	<u>\$1,513,190</u>
 Less Deferred Bond Financing Cost				
Home Ownership	\$(14,756)	\$(1,162)	\$495	\$(15,423)
Rental	<u>(4,958)</u>	<u>-</u>	<u>1,020</u>	<u>(3,938)</u>
	<u>\$(19,714)</u>	<u>\$(1,162)</u>	<u>\$1,515</u>	<u>\$(19,361)</u>
 <b>Total Bonds Payable, Net</b>	 <b><u>\$1,292,151</u></b>	 <b><u>\$248,838</u></b>	 <b><u>\$(47,160)</u></b>	 <b><u>\$1,493,829</u></b>

Bonds payable as of December 31, 2005 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 W/X	5.95 - 6.70	2026	\$825
Series Y/Z	5.85 - 6.60	2026	7,500
Series AA/BB	5.70 - 6.50	2026	11,715
Series CC/DD	5.10 - 6.20	2027	7,970
Series EE/FF	5.20 - 6.25	2028	7,270
Series GG/HH	5.55 - 6.30	2028	9,765
Series II/JJ	5.65 - 6.45	2028	18,095
Series KK/LL	5.05 - 6.20	2028	9,565
Series MM/NN	5.05 - 5.95	2028	7,320
Series OO/PP	5.35 - 6.25	2028	21,435
Series QQ/RR	4.90 - 5.85	2028	30,005
Series SS/TT	4.85 - 5.70	2028	10,775
Series UU/VV	4.60 - 5.35	2029	24,750
Series WW	6.25	2018	<u>33,190</u>
			<u>200,180</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	4.80 - 5.38	2030	35,835
Series 2	4.20 - 5.25	2030	20,870
Series 3	4.20 - 5.20	2030	37,430
Series 4	4.40 - 5.30	2030	33,115
Series 5	4.75 - 5.63	2030	34,020
Series 6	5.10 - 6.20	2030	25,510
Series 7	5.25 - 6.25	2031	37,605
Series 8	5.55 - 6.40	2031	28,605
Series 9	4.85 - 5.88	2032	51,770
Series 10	3.70 - 5.40	2033	31,610
Series 11	3.70 - 5.38	2033	55,240
Series 12	3.30 - 5.45	2033	46,655
Series 13	2.90 - 5.35	2034	61,200
Series 14	3.15 - 5.53	2034	66,770
Series 15	Variable - 4.95	2032	46,580
Series 16	Variable - 5.40	2032	47,065
Series 17	Variable - 5.00	2034	51,445
Series 18	Variable - 4.45	2034	48,205
Series 19	1.95 - 5.15	2035	64,345
Series 20	1.75 - 4.75	2035	64,690
Series 21	2.40 - 5.00	2035	64,710
Series 22	3.40 - 5.50	2037	65,000
Series 22	Variable	2039	<u>185,000</u>
			<u>1,203,275</u>
			<u>1,403,455</u>
<b>Less deferred bond financing costs</b>			<u>(15,423)</u>
<b>Total Home Ownership Bond Programs</b>			<b><u>\$1,388,032</u></b>

<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	8.25 - 6.70	2027	\$5,110
(1984 Resolution) Series H/I	5.95 - 7.85	2028	20,415
(1984 Resolution) Series J	4.60 - 5.55	2029	<u>8,705</u>
			<u>34,230</u>
<b>Multifamily Revenue Refunding Bonds</b>			
(1992 Resolution) Series C	1.00 - 4.80	2024	13,295
(1992 Resolution) Series D	Variable - 9.03	2024	<u>2,945</u>
			<u>16,240</u>
<b>Multifamily Revenue Bonds</b>			
(1993 Resolution) Series 1993	5.80 - 5.90	2026	2,850
<b>Multifamily Revenue Bonds</b>			
(1994 Resolution) Series 1994	4.65 - 5.45	2024	3,495



<u>Issue</u>	<u>Stated Rates (%)</u>	<u>Final Maturity</u>	<u>Principal Amount</u>
<b>Multifamily Revenue Bonds</b> (1995 Resolution) Series A/B	4.90 - 5.90	2020	11,650
<b>Multifamily Revenue Bonds*</b> (2000 Resolution) Series A/B	Variable	2031	24,510
<b>Multifamily Housing Revenue Bonds*</b> (2002 Resolution) Series A, B, C, D	5.10 - 5.50	2043	9,560
<b>Multifamily Housing Revenue Bonds*</b> (2002A Resolution) Series 2002	Variable	2023	<u>7,200</u>
			<u>109,735</u>
<b>Less deferred bond financing costs</b>			<u>(3,938)</u>
<b>Total Rental Bond Programs</b>			<b><u>\$105,797</u></b>

\*These bonds represent special financings that are issued on behalf of not for profit 501(c)(3) qualified entities. These financings, unlike the others, do not use private activity volume cap.

### **C. Subsequent Events**

On March 1, 2006 the Agency will sign a bond purchase agreement under the 1998 Home Ownership Trust Indenture for Series 23A and B bonds in the amount of \$65,000,000.

On January 6, 2006 the Agency issued request for proposal to qualified banking institutions to provide trustee services for our single and multifamily bonds. The selected trustee will be approved by our board by March 15, 2006

North Carolina Housing Finance Agency

Additional Information

# NORTH CAROLINA HOUSING FINANCE AGENCY

## COMBINING BALANCE SHEET

DECEMBER 31, 2005

(Unaudited)

(in thousands)	AGENCY PROGRAMS		GRANT PROGRAMS		HOME OWNERSHIP BOND PROGRAMS		
		Housing Trust		Federal and		1985	1998
		Fund	State Programs	State Programs			
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 399	-	-	-	-	-	-
Restricted cash and cash equivalents	30,339	19,841	11,943	13,771	14,363		
Investments	202	-	-	-	-	-	-
Restricted investments	1,721	-	-	-	-	-	-
Investments - reverse repurchase agreements	4,847	-	-	-	-	-	-
Accrued interest receivable on investments	281	57	-	1,602	1,887		
Accrued interest receivable on mortgage loans	146	12	12	1,851	5,937		
State tax credit receivable	15,877	-	-	-	-	-	-
Other assets	5,292	-	393	1,422	4,912		
Interprogram receivable/(payable)	110	58	(177)	1	2		
<b>TOTAL CURRENT ASSETS</b>	<b>59,214</b>	<b>19,968</b>	<b>12,171</b>	<b>18,647</b>	<b>27,101</b>		
<b>Noncurrent assets:</b>							
Restricted cash and cash equivalents	-	-	-	-	6,390		
Investments	5,694	-	-	-	-	-	-
Restricted investments	3,598	-	-	83,691	410,170		
Mortgage loans receivable, net	3,736	17,783	34,280	180,757	836,564		
Other assets, net	1,859	-	-	-	-	-	-
<b>TOTAL NONCURRENT ASSETS</b>	<b>14,887</b>	<b>17,783</b>	<b>34,280</b>	<b>264,448</b>	<b>1,253,124</b>		
<b>TOTAL ASSETS</b>	<b>74,101</b>	<b>37,751</b>	<b>46,451</b>	<b>283,095</b>	<b>1,280,225</b>		
<b>LIABILITIES</b>							
<b>Current liabilities:</b>							
Bonds payable	-	-	-	7,050	88,125		
Accrued interest payable	-	-	-	3,952	6,408		
Accounts payable	34	-	1,222	61	238		
Deferred revenues	677	-	-	-	-		
Obligations under reverse repurchase agreements	4,847	-	-	-	-		
Other liabilities	76	1	10	-	-		
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,634</b>	<b>1</b>	<b>1,232</b>	<b>11,063</b>	<b>94,771</b>		
<b>Noncurrent liabilities:</b>							
Bonds payable, net	-	-	-	189,828	1,103,029		
Deferred revenues	6,601	-	79	-	-		
Other liabilities	3,414	-	-	142	42		
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>10,015</b>	<b>-</b>	<b>79</b>	<b>189,970</b>	<b>1,103,071</b>		
<b>TOTAL LIABILITIES</b>	<b>15,649</b>	<b>1</b>	<b>1,311</b>	<b>201,033</b>	<b>1,197,842</b>		
<b>NET ASSETS</b>							
Restricted	44,628	37,750	45,140	82,062	82,383		
Unrestricted	13,824	-	-	-	-		
<b>TOTAL NET ASSETS</b>	<b>58,452</b>	<b>37,750</b>	<b>45,140</b>	<b>82,062</b>	<b>82,383</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 74,101</b>	<b>37,751</b>	<b>46,451</b>	<b>283,095</b>	<b>1,280,225</b>		

**RENTAL BOND PROGRAMS**

<b>1984</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>Special Facilities</b>	<b>TOTAL</b>
-	-	-	-	-	-	\$ 399
946	12,915	101	116	393	-	104,728
-	-	-	-	-	-	202
-	-	-	-	-	-	1,721
-	-	-	-	-	-	4,847
138	103	7	28	4	-	4,107
205	94	15	22	73	190	8,557
-	-	-	-	-	-	15,877
1,605	-	-	-	-	-	13,624
-	-	-	-	6	-	-
<b>2,894</b>	<b>13,112</b>	<b>123</b>	<b>166</b>	<b>476</b>	<b>190</b>	<b>154,062</b>
-	-	-	-	-	-	6,390
-	-	-	-	-	-	5,694
15,110	5,492	861	2,460	1,432	-	522,814
33,762	16,657	2,720	4,191	12,712	41,270	1,184,432
-	-	-	-	-	-	1,859
<b>48,872</b>	<b>22,149</b>	<b>3,581</b>	<b>6,651</b>	<b>14,144</b>	<b>41,270</b>	<b>1,721,189</b>
<b>51,766</b>	<b>35,261</b>	<b>3,704</b>	<b>6,817</b>	<b>14,620</b>	<b>41,460</b>	<b>1,875,251</b>
740	475	80	130	570	885	98,055
-	-	-	63	-	190	10,613
-	-	-	-	4	-	1,559
-	-	-	-	-	-	677
-	-	-	-	-	-	4,847
-	-	-	-	-	-	87
<b>740</b>	<b>475</b>	<b>80</b>	<b>193</b>	<b>574</b>	<b>1,075</b>	<b>115,838</b>
31,066	15,047	2,770	3,259	10,390	40,385	1,395,774
-	-	-	-	-	-	6,680
-	-	-	-	-	-	3,598
<b>31,066</b>	<b>15,047</b>	<b>2,770</b>	<b>3,259</b>	<b>10,390</b>	<b>40,385</b>	<b>1,406,052</b>
<b>31,806</b>	<b>15,522</b>	<b>2,850</b>	<b>3,452</b>	<b>10,964</b>	<b>41,460</b>	<b>1,521,890</b>
19,960	19,739	854	3,365	3,656	-	339,537
-	-	-	-	-	-	13,824
<b>19,960</b>	<b>19,739</b>	<b>854</b>	<b>3,365</b>	<b>3,656</b>	<b>-</b>	<b>353,361</b>
<b>51,766</b>	<b>35,261</b>	<b>3,704</b>	<b>6,817</b>	<b>14,620</b>	<b>41,460</b>	<b>\$ 1,875,251</b>

# NORTH CAROLINA HOUSING FINANCE AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

SIX MONTHS ENDED DECEMBER 31, 2005

(Unaudited)

(in thousands)	AGENCY			HOME OWNERSHIP BOND PROGRAMS	
	PROGRAMS	GRANT Housing Trust Fund	PROGRAMS Federal and State Programs	1985	1998
<b>OPERATING REVENUES</b>					
Interest on investments	\$ 1,128	307	27	2,601	6,663
Net decrease in fair value of investments	(200)	-	-	(393)	(338)
Interest on mortgage loans	81	102	242	6,472	24,217
Federal program awards received	-	-	67,372	-	-
Program income/fees	2,126	143	4,698	-	-
Other revenues	117	418	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>3,252</b>	<b>970</b>	<b>72,339</b>	<b>8,680</b>	<b>30,542</b>
<b>OPERATING EXPENSES</b>					
Interest on bonds	-	-	-	6,203	24,890
Mortgage servicing expense	-	-	-	358	1,479
Federal program expense	490	503	60,679	-	-
Nonfederal program expense	309	-	-	-	-
General and administrative	4,721	-	1,468	17	156
Other expenses	453	37	135	52	77
<b>TOTAL OPERATING EXPENSES</b>	<b>5,973</b>	<b>540</b>	<b>62,282</b>	<b>6,630</b>	<b>26,602</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,721)</b>	<b>430</b>	<b>10,057</b>	<b>2,050</b>	<b>3,940</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Transfers in (out)	3,181	(18)	(1,860)	-	(243)
State appropriations received	-	3,499	1,156	-	-
State program expense	(24,352)	(563)	(1,592)	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(21,171)</b>	<b>2,918</b>	<b>(2,296)</b>	<b>-</b>	<b>(243)</b>
<b>Change in net assets</b>	<b>(23,892)</b>	<b>3,348</b>	<b>7,761</b>	<b>2,050</b>	<b>3,697</b>
<b>Total net assets - beginning</b>	<b>82,344</b>	<b>34,402</b>	<b>37,379</b>	<b>80,012</b>	<b>78,686</b>
<b>Total net assets - ending</b>	<b>\$ 58,452</b>	<b>37,750</b>	<b>45,140</b>	<b>82,062</b>	<b>82,383</b>

**RENTAL BOND PROGRAMS**

<b>1984</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>Special Facilities</b>	<b>TOTAL</b>
511	454	23	56	51	-	\$ 11,821
(93)	(61)	(6)	(23)	(5)	-	(1,119)
1,335	572	92	138	445	997	34,693
-	-	-	-	-	-	67,372
-	-	-	-	-	-	6,967
83	-	-	-	-	-	618
<b>1,836</b>	<b>965</b>	<b>109</b>	<b>171</b>	<b>491</b>	<b>997</b>	<b>120,352</b>
1,606	1,051	85	98	367	997	35,297
18	8	1	2	8	-	1,874
-	-	-	-	14	-	61,686
-	-	-	-	-	-	309
-	8	-	-	4	-	6,374
-	-	-	-	-	-	754
<b>1,624</b>	<b>1,067</b>	<b>86</b>	<b>100</b>	<b>393</b>	<b>997</b>	<b>106,294</b>
<b>212</b>	<b>(102)</b>	<b>23</b>	<b>71</b>	<b>98</b>	<b>-</b>	<b>14,058</b>
1,331	(2,391)	-	-	-	-	-
-	-	-	-	-	-	4,655
-	-	-	-	-	-	(26,507)
<b>1,331</b>	<b>(2,391)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,852)</b>
<b>1,543</b>	<b>(2,493)</b>	<b>23</b>	<b>71</b>	<b>98</b>	<b>-</b>	<b>(7,794)</b>
<b>18,417</b>	<b>22,232</b>	<b>831</b>	<b>3,294</b>	<b>3,558</b>	<b>-</b>	<b>361,155</b>
<b>19,960</b>	<b>19,739</b>	<b>854</b>	<b>3,365</b>	<b>3,656</b>	<b>-</b>	<b>\$ 353,361</b>

# NORTH CAROLINA HOUSING FINANCE AGENCY

## COMBINING STATEMENT OF CASH FLOWS

SIX MONTHS ENDED DECEMBER 31, 2005

(Unaudited)

(in thousands)	AGENCY PROGRAMS		GRANT PROGRAMS	HOME OWNERSHIP PROGRAMS	
	Housing Trust Fund	Federal and State Programs	1985	1998	
				1985	1998
<b>Cash flows from operating activities:</b>					
Interest on mortgage loans	\$ 75	111	239	6,960	24,884
Principal payments on mortgage loans	216	701	542	16,610	49,667
Purchase of mortgage loans	(348)	(1,455)	(9,564)	(101)	(81,576)
Federal awards received	-	-	69,760	-	-
Federal program expense	(490)	(503)	(61,510)	-	-
Nonfederal program expense	(309)	-	-	-	-
Federal grant administration income	-	-	3,476	-	-
Program income/fees	2,582	143	1,224	-	-
Other expenses	(4,956)	(63)	(2,183)	(398)	(1,769)
Other revenues	925	(58)	-	(1,395)	(4,812)
<b>Net cash provided by (used in) operating activities</b>	<b>(2,305)</b>	<b>(1,124)</b>	<b>1,984</b>	<b>21,676</b>	<b>(13,606)</b>
<b>Cash flows from non-capital financing activities:</b>					
Issuance of bonds	-	-	-	-	250,000
Principal repayments on bonds	-	-	-	(8,545)	(14,460)
Interest paid	-	-	-	(6,218)	(22,436)
Bond issuance costs paid	-	-	-	-	(1,162)
Net transfers	3,181	(18)	(1,860)	-	(243)
State appropriations received	-	3,499	1,156	-	-
State tax credits	32,475	-	-	-	-
State program expense	(24,352)	(563)	(1,592)	-	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>11,304</b>	<b>2,918</b>	<b>(2,296)</b>	<b>(14,763)</b>	<b>211,699</b>
<b>Cash flows from investing activities:</b>					
Proceeds from sales or maturities of investments	389	-	-	20,461	45,599
Purchase of investments	(6,032)	-	-	(34,373)	(334,609)
Earnings on investments	1,112	289	27	2,394	5,265
<b>Net cash provided by (used in) investing activities</b>	<b>(4,531)</b>	<b>289</b>	<b>27</b>	<b>(11,518)</b>	<b>(283,745)</b>
Net increase (decrease) in cash	4,468	2,083	(285)	(4,605)	(85,652)
Cash and cash equivalents at beginning of year	26,270	17,758	12,228	18,376	106,405
<b>Cash and cash equivalents at end of period</b>	<b>30,738</b>	<b>19,841</b>	<b>11,943</b>	<b>13,771</b>	<b>20,753</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	(2,721)	430	10,057	2,050	3,940
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>					
Interest on investments	(1,128)	(307)	(27)	(2,601)	(6,663)
Decrease in fair value of investments	200	-	-	393	338
Interest on bonds	-	-	-	6,203	24,890
<b>Change in assets and liabilities:</b>					
(Increase) decrease in mortgage loans	(143)	(1,172)	(8,887)	16,453	(31,824)
(Increase) decrease in interest receivable on mortgage loans	70	9	(3)	544	582
(Increase) decrease in other assets	917	(58)	2,388	(1,395)	(4,812)
Increase (decrease) in accounts payable and other liabilities	(111)	(26)	(1,546)	29	(57)
Increase (decrease) in deferred revenues	611	-	2	-	-
<b>Total adjustments</b>	<b>416</b>	<b>(1,554)</b>	<b>(8,073)</b>	<b>19,626</b>	<b>(17,546)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (2,305)</b>	<b>(1,124)</b>	<b>1,984</b>	<b>21,676</b>	<b>(13,606)</b>

**RENTAL BOND PROGRAMS**

<b>1984</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>Special Facilities</b>	<b>Total</b>
1,363	573	91	139	447	995	\$ 35,877
4,775	249	35	55	267	1,635	74,752
-	-	-	-	-	-	(93,044)
-	-	-	-	-	-	69,760
-	-	-	-	(14)	-	(62,517)
-	-	-	-	-	-	(309)
-	-	-	-	-	-	3,476
-	-	-	-	-	-	3,949
(18)	(20)	(1)	(2)	(16)	-	(9,426)
(1,522)	-	-	-	(6)	-	(6,868)
<b>4,598</b>	<b>802</b>	<b>125</b>	<b>192</b>	<b>678</b>	<b>2,630</b>	<b>15,650</b>
-	-	-	-	-	-	-
-	-	-	-	-	-	250,000
(5,100)	(18,560)	(40)	(60)	(275)	(1,635)	(48,675)
(1,226)	(438)	(85)	(96)	(343)	(995)	(31,837)
-	-	-	-	-	-	(1,162)
1,331	(2,391)	-	-	-	-	-
-	-	-	-	-	-	4,655
-	-	-	-	-	-	32,475
-	-	-	-	-	-	(26,507)
<b>(4,995)</b>	<b>(21,389)</b>	<b>(125)</b>	<b>(156)</b>	<b>(618)</b>	<b>(2,630)</b>	<b>178,949</b>
6,804	2,063	251	1,336	1,258	-	78,161
(6,869)	(1,315)	(551)	(1,659)	(1,278)	-	(386,686)
511	503	17	54	55	-	10,227
<b>446</b>	<b>1,251</b>	<b>(283)</b>	<b>(269)</b>	<b>35</b>	<b>-</b>	<b>(298,298)</b>
49	(19,336)	(283)	(233)	95	-	(103,699)
897	32,251	384	349	298	-	215,216
<b>946</b>	<b>12,915</b>	<b>101</b>	<b>116</b>	<b>393</b>	<b>-</b>	<b>111,517</b>
212	(102)	23	71	98	-	14,058
(511)	(454)	(23)	(56)	(51)	-	(11,821)
93	61	6	23	5	-	1,119
1,606	1,051	85	98	367	997	35,297
4,775	248	34	55	267	1,635	(18,559)
28	2	-	1	2	(2)	1,233
(1,605)	-	-	-	(6)	-	(4,571)
-	(4)	-	-	(4)	-	(1,719)
-	-	-	-	-	-	613
<b>4,386</b>	<b>904</b>	<b>102</b>	<b>121</b>	<b>580</b>	<b>2,630</b>	<b>1,592</b>
<b>4,598</b>	<b>802</b>	<b>125</b>	<b>192</b>	<b>678</b>	<b>2,630</b>	<b>\$ 15,650</b>