

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

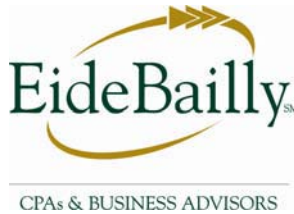
**OKLAHOMA HOUSING FINANCE AGENCY**

OKLAHOMA HOUSING FINANCE AGENCY

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Trustees,  
Oklahoma Housing Finance Agency  
Oklahoma City, Oklahoma:

We have audited the accompanying basic financial statements of the Oklahoma Housing Finance Agency, a component unit of the State of Oklahoma, as of and for the year ended September 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the Agency's 2007 financial statements, which were audited by Murrell, Hall, McIntosh & Co., PLLP, who joined Eide Bailly LLP on August 1, 2008, and whose report dated March 3, 2008, expressed an unqualified opinion on those financial 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 the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Oklahoma Housing Finance Agency, as of September 30, 2008, and the results of its operations and cash flows, 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 our report dated May 5, 2009, on our consideration of the Oklahoma Housing Finance Agency'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 control 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.

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## INDEPENDENT AUDITOR'S REPORT

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The Management's Discussion and Analysis on pages 3 through 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.

*Eide Bailly LLP*

Norman, Oklahoma  
May 5, 2009

Oklahoma Housing Finance Agency  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(unaudited)  
September 30, 2008

OHFA was created in 1975 to provide funds to promote the development of adequate residential housing to families of Oklahoma with low and moderate incomes. OHFA is a self-supporting public trust and follows enterprise fund accounting.

As management of Oklahoma Housing Finance Agency ("OHFA" or "Agency"), we offer readers of OHFA's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2008. This information is presented to provide additional information regarding the activities of OHFA and to meet the disclosure requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This analysis should be read in conjunction with the financial statements, notes to financial statements, and supplemental information.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report of the Oklahoma Housing Finance Agency ("OHFA") consists of three sections: management's discussion and analysis, the basic financial statements, and supplemental information. OHFA'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 the Financial Statements.

The Statement of Net Assets answers the question, "How is our financial health at the end of the year?" This statement includes all assets and liabilities of OHFA, 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 and 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 OHFA is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets measures the activities of OHFA's operations over the past year and presents the operating income (loss) and change in net assets. It can be used to determine whether OHFA 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 OHFA as a whole better off or worse off as a result of this year's activities?"

The primary purpose of the Statement of Cash Flows is to provide information about the sources and uses of OHFA'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

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September 30, 2008

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 financial statements.

In addition, this report contains a Supplemental Combining Schedule of Net Assets for the Single Family Mortgage Revenue Bond Funds as well as a Supplemental Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets for the Single Family Mortgage Revenue Bond Funds. These supplemental schedules are presented to provide the reader with information regarding the financial condition of each Single Family Mortgage Revenue Bond issue of the Agency.

### **FINANCIAL HIGHLIGHTS**

#### **Year Ended September 30, 2008**

- Total assets increased by \$68.9 million
- Net assets increased by \$19.9 million
- Made 977 single family mortgage loans available to first time homebuyers compared to 1,861 in FY 2007
- Provided 116,277 unit months of Section 8 rental assistance compared to 112,283 in FY 2007
- Paid \$44.7 million in rental assistance to benefit Section 8 voucher holders compared to \$43.1 million in 2007
- Allocated \$7.6 million in tax credits to developers versus \$7.5 million in FY 2007
- Paid \$59.2 million in rental assistance to project based Section 8 properties compared to \$63.2 million in FY 2007

A General Obligation issuer rating of A2 from Moody's Investors Service has been maintained by the Agency since September 2002. This rating reflects OHFA's sound financial condition, a bond program collateralized by highly rated mortgage backed securities, as well as capable and dedicated management.

The Section 8 program provides rental assistance to many elderly, single parent, or working families in need of help with their rent payments.

The Single Family bond program makes affordable home loans available to first time homebuyers through proceeds from mortgage revenue bonds.

Housing Tax Credits are provided to developers as an incentive to build new, affordable complexes or rehabilitate complexes in need of repair.

As Section 8 Contract Administrator for project based Section 8 properties located throughout Oklahoma for HUD, OHFA's duties consisted of 203 contracts, totaling 13,308 assisted units, compared to FY 2007 duties of 209 contracts, totaling 13,465 assisted units. The Agency receives a fee to administer the program based on the number of units

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under contract and an incentive fee based on the Agency's performance level compared to HUD's acceptable quality levels of administration. Thus far, the Agency has achieved or exceeded the acceptable quality levels set by HUD.

**CONDENSED FINANCIAL INFORMATION**

**Statement of Net Assets**

The following table presents condensed statement of net assets for the Agency as of September 30, 2008 and 2007, and the change from the prior year (in millions):

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current assets	\$12.4	\$11.4	\$1.0
Non-current assets			
Restricted	816.0	751.9	64.1
Net capital assets	3.5	3.7	(0.2)
Unrestricted	14.5	10.5	4.0
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	\$846.4	\$777.5	\$68.9
<b>Liabilities</b>			
Current liabilities	76.7	43.1	33.6
Non-current liabilities	668.2	652.8	15.4
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	\$744.9	\$695.9	\$49.0
<b>Net assets</b>			
Invested in capital assets	3.5	3.7	(0.2)
Restricted for single family bonds	54.1	41.5	12.6
Restricted for Section 8 Voucher	12.0	8.2	3.8
Unrestricted	31.9	28.2	3.7
	<hr/>	<hr/>	<hr/>
<b>Total net assets</b>	\$ 101.5	\$81.6	\$19.9

Explanations of significant variances on the condensed statement of net assets follow.

The increase in restricted non-current assets and non-current liabilities of \$64.1 and \$15.4 million respectively is due to bond program loan pools and their related debt being added to the portfolio at a faster rate than older loans are paying down.

The increase in current liabilities of \$33.6 million is primarily due to an increase in current maturities of bonds and notes payable of \$34.1 million due to the scheduled timing of payments under various bond issues.

The increase in net assets restricted for single family bonds of \$12.6 million is due to a \$12.6 million net income in the Single Family Bond Programs. The Single Family Bond

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Programs had a net income of \$2.8 million excluding the \$9.8 million net increase in the fair value of investments.

The increase in Net Assets Restricted for the Section 8 Voucher Program of \$3.8 million is due to a HUD change in 2006 that requires agencies to report receipts from HUD in excess of program expenditures as income which flows to fund balance instead of as a liability payable back to HUD. These funds are only available to pay Housing Assistance Payments under the Voucher program.

The increase in net assets unrestricted of \$3.7 million is due to \$3.7 million in net operating income for the Agency (excluding Single Family Bond Programs).

**Revenues, Expenses, and Changes in Net Assets**

The following table presents condensed statements of revenues, expenses, and changes in net assets for the Agency as of September 30, 2008 and 2007, and the change from the prior year (in millions):

**Condensed Statements of Revenues, Expenses, and Changes in Net Assets**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
<b>Revenues</b>			
Operating revenues			
Interest income			
Investments and program loans	\$ 46.2	\$ 43.2	\$ 3.0
Net increase in fair value of investments	9.7	.6	9.1
Fees and other income	11.6	10.6	1.0
Federal program income	<u>118.7</u>	<u>126.2</u>	<u>(7.5)</u>
<b>Total revenues</b>	<b>\$ <u>186.2</u></b>	<b>\$ <u>180.6</u></b>	<b>\$ <u>5.6</u></b>
<b>Expenses</b>			
Interest on bonds and notes	37.4	34.0	3.4
Other bond program expenses	3.7	3.6	.1
Salaries, general and administrative	10.2	9.8	.4
Federal program expenses	<u>115.1</u>	<u>124.9</u>	<u>(9.8)</u>
<b>Total expenses</b>	<b>\$ <u>166.4</u></b>	<b>\$ <u>172.3</u></b>	<b>\$ <u>(5.9)</u></b>
<b>Net income</b>	19.9	8.3	11.5
Net assets at the beginning of year	<u>81.6</u>	<u>73.3</u>	<u>8.4</u>
Net assets at the end of year	<b>\$ <u>101.5</u></b>	<b>\$ <u>81.6</u></b>	<b>\$ <u>19.9</u></b>

Explanations of significant fluctuations in revenues, expenses, and changes in net assets follow. Certain reclassifications have been made for disclosure and comparison purposes with the current year.

The net increase in interest income from investments and program loans of \$3.0 million is due to the Agency having investments and program loan balances of \$48.6 million higher at fiscal year end 2008 than at fiscal year end 2007 due to new bond program loan pools



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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September 30, 2008

and their related debt being added to the portfolio at a faster rate than older loans are paying down.

The net increase in the fair value of investments of \$9.1 million is due to mortgage backed securities in the Single Family Bond program increasing in value as interest rates decreased.

Fees and other income primarily increased by \$1.0 million primarily due higher per unit monthly administrative fees in the Section 8 Voucher program resulting in \$.7 million higher fees.

Federal program revenues decreased by \$7.5 million, primarily due to the net effect of a \$4.0 million decrease in the Section 8 Contract Administration program, a \$6.1 million decrease in the HOME program, and an increase in of \$2.7 million in the Section 8 Voucher program.

Interest expense on bonds and notes payable increased by \$3.4 million in FY 2008 from FY 2007. This increase is primarily due to an additional \$48.6 million of bonds payable at September 30, 2008 over the prior year end due to making additional funds available for lending to first time homebuyers in excess of prior bonds payable principal reductions.

The increase in net income of \$11.5 million is primarily due the net effect of the increase in fair value of investments of \$9.1 million between FY 2008 and FY 2007.

The increase in net assets of \$19.8 million at the end of FY 2008 is due to the net income for FY 2008.

## **ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION**

OHFA's main sources of revenues include mortgage loan activity, investment interest income, and externally funded grants. 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 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. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages.

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

The Agency expects to continue its commitment to its mission of helping to place people in homes while preserving a strong financial position during the coming year.

Oklahoma Housing Finance Agency  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(unaudited)**  
September 30, 2008

CONTACTING OHFA'S FINANCIAL MANAGEMENT

This discussion and analysis is to provide additional information to our stakeholders regarding the activities of the Agency. If you have questions about this report, or need additional financial information, contact the OHFA Finance Team Leader, Eldon Overstreet, JD, CPA, at (405) 419-8209; Oklahoma Housing Finance Agency, P.O. Box 26720, Oklahoma City, OK 73126-0720; e-mail: [eldon.overstreet@ohfa.org](mailto:eldon.overstreet@ohfa.org); or visit our website at [www.ohfa.org](http://www.ohfa.org).

**OKLAHOMA HOUSING FINANCE AGENCY**

Statement of Net Assets  
September 30, 2008 and 2007

	2008	2007
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 11,121,537	\$ 8,402,569
Accounts Receivable	137,572	1,017,265
Accounts Receivable- U.S. Dept of Housing and Urban Development	768,207	1,671,607
Interest Receivable	128,891	84,305
Prepaid Expenses	222,340	223,482
Total Current Assets	\$ 12,378,547	\$ 11,399,228
Noncurrent Assets		
Restricted Assets		
Cash and Cash Equivalents	\$ 35,571,730	\$ 37,671,834
Investments	765,467,361	699,206,075
Interest Receivable	3,443,367	3,426,648
Program Loans Receivable	6,937,248	8,752,316
Deferred Finance Costs	4,614,689	2,815,428
Long-Term Investments	14,457,951	10,508,013
Property and Equipment Net of Accumulated Depreciation of \$2,871,873 and \$3,086,146 respectively	3,537,686	3,721,307
Total Noncurrent Assets	\$ 834,030,032	\$ 766,101,621
Total Assets	\$ 846,408,579	\$ 777,500,849
<b>LIABILITIES</b>		
Current Liabilities		
Salaries and Related Expenses	\$ 157,771	\$ 107,028
Accounts Payable- Vendors and Contractors	181,293	183,230
Accounts Payable- U.S. Dept of Housing and Urban Development	153,498	690,588
Accounts Payable- Family Self Sufficiency Program	383,217	262,435
Accounts Payable- Homebuyers Assistance	2,052,446	690,335
Accounts Payable- Other	223,931	1,896,981
Deferred Intergovernmental Revenue	438,809	449,799
Compensated Absences	854,886	830,418
Interest Payable	3,084,596	2,934,657
Current Maturities of Bonds and Notes Payable	69,165,994	35,031,000
Total Current Liabilities	\$ 76,696,441	\$ 43,076,471
Noncurrent Liabilities		
Bonds and Notes Payable Less Current Maturities	\$ 665,155,717	\$ 650,705,976
Unamortized Bond Issue Costs	503,387	103,852
Deferred Revenue	1,250,126	646,583
HOME Funds Payable	1,314,083	1,314,083
Total Noncurrent Liabilities	\$ 668,223,313	\$ 652,770,494
Total Liabilities	\$ 744,919,754	\$ 695,846,965
<b>NET ASSETS</b>		
Invested in Capital Assets	\$ 3,537,686	\$ 3,721,307
Restricted for Single Family Bonds	54,070,371	41,487,374
Restricted for Section 8 Voucher Program	12,025,130	8,216,760
Unrestricted	31,855,638	28,228,443
Total Net Assets	\$ 101,488,825	\$ 81,653,884

The Accompanying Notes are an Integral Part of the Financial Statements

OKLAHOMA HOUSING FINANCE AGENCY  
Statements of Revenues, Expenses and Changes in Fund Net Assets  
For the Years Ended September 30, 2008 and 2007

	2008	2007
Operating Revenues		
Investment Income		
Investments	\$ 45,526,661	\$ 42,468,360
Program Loans	647,878	718,955
Net Increase in Fair Value of Investments	9,757,361	652,745
Fees and Other Income	11,579,119	10,576,328
Total Operating Revenues	\$ 67,511,019	\$ 54,416,388
Operating Expenses		
Interest	\$ 37,408,253	\$ 34,020,844
Mortgage Servicing Fees	3,071,611	2,907,875
Amortization of Deferred Finance Costs	421,906	226,500
Trustees, Issuer and Other Fees	127,995	134,852
Salaries and Related Expenses	7,480,002	7,183,193
Arbitrage Payment	59,727	269,452
Other General and Administrative	2,679,036	2,626,182
Total Operating Expenses	\$ 51,248,530	\$ 47,368,898
Operating Income	\$ 16,262,489	\$ 7,047,490
Nonoperating Revenue (Expenses)		
Federal Program Income	\$ 118,727,392	\$ 126,215,238
Federal Program Expense	(115,148,662)	(124,933,700)
Other	(6,278)	(9,956)
Nonoperating Income	\$ 3,572,452	\$ 1,271,582
Net Income	\$ 19,834,941	\$ 8,319,072
Total Net Assets, Beginning	81,653,884	73,334,812
Total Net Assets, Ending	\$ 101,488,825	\$ 81,653,884

The Accompanying Notes are an Integral Part of the Financial Statements

OKLAHOMA HOUSING FINANCE AGENCY  
 Statements of Cash Flows  
 For the Years Ended September 30, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities		
Receipts from Fees	\$ 14,806,665	\$ 7,870,507
Receipts from Program Loan Payments	3,155,517	5,186,810
Receipts from Housing Trust Fund	-	381,302
Receipts from Other Sources	678,306	-
Payments to Employees	(7,462,707)	(7,084,033)
Payments to Suppliers	(2,257,401)	(716,179)
Payments for Purchases of Program Loans	(860,705)	(3,492,712)
Payments for Bond Fees	(3,465,096)	(1,103,583)
Payments for Trustee and Other Fees	(1,314,538)	(1,250,641)
Payments for Other Expenses	(296,762)	(997,931)
	<u>\$ 2,983,279</u>	<u>\$ (1,206,460)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of Fixed Assets	\$ (261,619)	\$ (344,500)
	<u>\$ (261,619)</u>	<u>\$ (344,500)</u>
Cash Flows from Noncapital Financing Activities		
Principal Paid on Bonds Payable	\$ (94,428,265)	\$ (83,689,318)
Interest Paid on Bonds Payable	(37,258,278)	(33,557,983)
Payment of Bond Issuance Costs	(1,821,632)	(1,070,816)
Proceeds from Issuance of Bonds	143,013,000	191,621,000
Receipt of Federal Program Income	118,579,813	125,472,961
Payment of Federal Program Expenses	(115,154,940)	(124,943,655)
	<u>\$ 12,929,698</u>	<u>\$ 73,832,189</u>
Cash Flows from Investing Activities		
Purchase of Investments	\$ (364,564,857)	\$ (521,227,887)
Proceeds from Sales and Maturities of Investments	304,067,006	416,909,326
Interest Received on Investments	45,465,357	42,125,097
	<u>\$ (15,032,494)</u>	<u>\$ (62,193,464)</u>
Net Increase in Cash	\$ 618,864	\$ 10,087,765
Cash and Cash Equivalents at Beginning of Year	<u>46,074,403</u>	<u>35,986,638</u>
Cash and Cash Equivalents at End of Year	<u>\$ 46,693,267</u>	<u>\$ 46,074,403</u>
Cash and Cash Equivalents as Reported on Balance Sheet		
Unrestricted	\$ 11,121,537	\$ 8,402,569
Restricted	35,571,730	37,671,834
	<u>\$ 46,693,267</u>	<u>\$ 46,074,403</u>

The Accompanying Notes are an Integral Part of the Financial Statements

OKLAHOMA HOUSING FINANCE AGENCY  
 Statements of Cash Flows  
 For the Years Ended September 30, 2008 and 2007

	2008	2007
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 16,262,489	\$ 7,047,490
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation	438,906	517,102
Amortization of Fees and Deferred Finance Costs	421,906	226,500
Net Change in Fair Value of Investments	(9,757,361)	(652,746)
Loss on Sale of Equipment	6,334	9,603
Interest on Bonds and Notes Payable	37,408,254	34,020,844
Interest from Investments	(45,526,661)	(42,514,638)
Change in:		
Program Loans	1,859,014	999,578
Compensated Absences	24,468	72,678
Accounts Receivable	1,866,754	(1,887,507)
Prepaid Expenses	1,142	(11,517)
Accounts Payable	7,620	766,881
Deferred Revenue	(29,586)	199,272
	\$ 2,983,279	\$ (1,206,460)
Net Cash Provided (Used) by Operating Activities		

The Accompanying Notes are an Integral Part of the Financial Statements

OKLAHOMA HOUSING FINANCE AGENCY  
Notes to Financial Statements  
September 30, 2008

**NOTE 1 - AUTHORIZING LEGISLATION AND ACTIVITIES**

Oklahoma Housing Finance Agency (“OHFA” or “Agency”) is a public trust established pursuant to a Trust Indenture, as amended, which was originally adopted on May 1, 1975. Under the Trust Indenture, OHFA was created for the benefit of the State of Oklahoma (the “State”) pursuant to the Oklahoma Public Trust Act (the “Act”). Pursuant to the Act, the Governor of the State of Oklahoma, on behalf of the State, approved the creation of OHFA and accepted the beneficial interest created thereby on May 1, 1975. The Trust Indenture was last amended as of August 19, 2002, with the approval of the Governor of the State of Oklahoma. The Governor has, pursuant to the Trust Indenture, approved the by-laws of OHFA. The Governor also appoints the five member Board of Trustees and the resident board member representing the Section 8 program.

OHFA is authorized, in the furtherance of public purposes, to issue its mortgage revenue bonds in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State. In no event does the indebtedness constitute a debt, liability, or moral obligation of the State or any political subdivision thereof. OHFA has no taxing power. The Agency receives application, service and issuer fees in connection with its revenue bond programs.

OHFA is included in the State’s financial reporting entity. The State reports the transactions of OHFA in its Comprehensive Annual Financial Report as a major component unit.

In addition to its revenue bond programs, OHFA administers Section 8 Housing Assistance Payments Programs for the U.S. Department of Housing and Urban Development (“HUD”). OHFA receives an administrative fee based on the number of housing units administered under its contracts with HUD plus reimbursement for certain preliminary costs incurred during the implementation phase of units added to OHFA’s contracts with HUD. OHFA administers the HOME (Home Investment Partnerships) Program for HUD. The intent of the HOME Program is to provide decent affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private-sector participation. Activities that are eligible under HOME include homeowner rehabilitation, home buyer activities, rental housing and tenant-based rental assistance. OHFA receives reimbursement of eligible costs associated with the administration of the program.

OHFA is the Section 8 Contract Administrator for federal HUD-financed Section 8 properties located throughout Oklahoma. The Agency receives a fee to administer the program and an incentive based administrative fee based on the number of units under contract and the Agency's performance level compared to HUD's acceptable quality levels of administration. Also, the Agency administers the Department of Treasury’s Low Income Housing Tax Credit (“LIHTC”) program for the State of Oklahoma. The Agency receives application and service fees from developers who participate in the LIHTC program.

OHFA also administers certain other federal and state programs.

OKLAHOMA HOUSING FINANCE AGENCY  
Notes to Financial Statements  
September 30, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Financial Statement Presentation*

OHFA accounts for revenues and expenses related to temporary funding of certain single family first mortgage loans within its general fund until the loans are sold in specified increments in connection with certain bond programs, when required, due to the temporary restrictions associated with bond programs. Intergovernmental grants are also accounted for within the Agency's general fund. Pursuant to OHFA's bond obligation resolutions, separate funds are established by each trustee bank to record all transactions relating to OHFA programs financed under each of the resolutions. Within each fund, there is a group of accounts required by the respective resolutions. The single family bond program funds and the general fund have been presented on a combined basis because OHFA is considered a single enterprise fund for financial reporting purposes. All interfund balances and transactions have been eliminated in the financial statements.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). The financial statements are prepared in accordance with GASB Statement 34 *Basic Financial Statements – and Management's Discussion for State and Local Governments*, GASB Statement 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement 38 – *Certain Financial Statement Note Disclosures*.

*Basis of Accounting*

The Agency accounts for its activities within a proprietary fund type. The Agency's activities meet the definition of an enterprise fund because it is the intent of the Agency to recover, primarily through user charges, the cost of providing goods or services to the general public.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by the proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

As required by the GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, OHFA has elected to apply all applicable GASB pronouncements and does not apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When the Agency incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used.



OKLAHOMA HOUSING FINANCE AGENCY  
Notes to Financial Statements  
September 30, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, OHFA cash equivalents are defined as short-term, highly liquid investments that are readily convertible to cash with an original maturity of three months or less.

*Investments*

The Agency's investment policies for the general fund are governed by state statute and the Board of Trustees' "Statement of Investment Policy." Permissible investments include direct obligations of the United States Government and Agencies; mortgage-backed securities guaranteed by Federal Agencies, certificates of deposit of savings and loan associations and bank and trust companies; repurchase agreements; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by Federal Deposit Insurance Corporation insurance. Investments are reported at fair value.

The short-term investments within the Single Family programs are generally restricted by the various bond resolutions as to authorized investments. Most are commonly held in guaranteed investment contracts or money market accounts collateralized by government securities. These short-term investments are reported at cost, which approximates the market values.

As required by GASB Statement No. 31, *Accounting for and Financial Reporting for Certain Investments and External Investment Pools*, U.S. government and agency securities and mortgage-backed securities are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers, brokers, investment banks or other services at the valuation date.

Mortgage-backed securities reported by the Single Family Bond programs are pass-through certificates of the Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) which securitize qualified pools of loans or individual loans under the respective programs. These securities are reported at fair value. Mortgage-backed securities do not have a contractual maturity date, and the Agency may be subject to the risk of prepayment on these mortgage-backed securities.

Without recognition of the current net increase in the fair value of investments, OHFA's 2008 net operating income would have been \$6,505,128.

*Program Loans Receivable*

Program loans receivable primarily consist of loans made or purchased under the Single Family Bond programs. These loans are secured by first mortgages and insured under mortgage pool insurance arrangements. These loans are reported at cost. As a result of the insurance, no allowance for uncollectible loans is recorded.

OKLAHOMA HOUSING FINANCE AGENCY

Notes to Financial Statements

September 30, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Property and Equipment*

Property and equipment are carried at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from 1 to 40 years. Maintenance and repairs are expensed as incurred. Total depreciation expense for the year ended September 30, 2008 was \$438,906 and is included with other general and administrative expense on the Statement of Activities.

*Deferred Revenue*

Deferred revenue arises when potential revenue does not meet the available criterion for recognition or the resources were received by the Agency before it has a legal claim to the resources. Amounts received under certain intergovernmental grant agreements are recognized only to the extent of allowable expenses. Any amounts received in excess of expenditures incurred are deferred.

The lone exception to this revenue deferral accounting policy is the Section 8 Housing Choice Voucher Program. Per the Department of Housing and Urban Development (“HUD”) guidance issued in Public and Indian Housing Notice, PIH 2006-3, excess budget authority disbursed to a Public Housing Agency that is not utilized to pay Housing Assistance Payments (“HAP”) will become part of the fund balance account. Accordingly, OHFA has recorded payments received from HUD in excess of HAP expenditures as federal program revenues which flow to net assets restricted to Section 8.

*Deferred Finance Costs*

Deferred finance costs are costs associated with bond funds which are being recovered through future revenues associated with the funds and are amortized over the life of the loan.

*Restrictions and Designations of Net Assets*

The use of assets of each of the Single Family Bond program funds is restricted by the related bond resolution. Certain amounts in the program funds are considered subject to the restriction that they may be applied to the financing of housing for the respective program purposes or to the retirement of obligations issued for such purposes. The Agency has designated \$8,000,000 of unrestricted net assets to provide funds and reserves to purchase single family loans to be acquired from future issuances under the Single Family Mortgage Revenue Bond programs.

Net assets restricted for Section 8 Voucher Program represent funds received from HUD in excess of Housing Assistance Payments (“HAP”) expenditures which are classified as fund balance per Public and Indian Housing Notice 2006-3. These funds can only be utilized to make HAP payments for the Section 8 Voucher program.

OKLAHOMA HOUSING FINANCE AGENCY  
Notes to Financial Statements  
September 30, 2008

**NOTE 3 - CASH AND INVESTMENTS**

*Deposit Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency requires that financial institutions pledge collateral securities to secure the deposits of the Agency in each institution.

Current Agency policy, for deposits not held by the Single Family Bond Programs, requires the lesser of the cost or market value of the collateral pledged to be 110% of the deposit value. As of September 30, 2008, the Agency was not exposed to custodial credit risk.

As of September 30, 2008, \$27,571,944 of the total cash consists mainly of money market mutual funds held at trustee banks. These funds are classified as investments for the purposes of GASB Statement No. 40 *Deposit and Investment Risk Disclosures* requirements and therefore are not subject to custodial credit risk. For presentation on the face of the statements of net assets, these funds are classified as cash equivalents.

*Investment Interest Rate Risk*

The agency limits investments to those having maturities of no more than 36 months, unless specifically authorized by the Agency Board of Trustees, which helps manage its exposure to fair value losses from increasing interest rates. The Agency's investments in securities and related maturities are listed below:

	Market Value	Investment Maturity (In Years)	
		Less than one Year	One to Three Years
Federal Home Loan Bank	\$ 3,375,543	\$ 749,295	\$ 2,626,248
Fannie Mae (Federal National Mortgage Association)	4,010,168	-	4,010,168
Freddie Mac (Federal Home Loan Mortgage Corporation)	7,072,240	-	7,072,240
Total Investments in Securities	\$ 14,457,951	\$ 749,295	\$ 13,708,656
Government National Mortgage Association Pooled Loans	484,552,828	-	484,552,828
Federal National Mortgage Association Pooled Loans	152,623,657	-	152,623,657
Guaranteed Investment Contracts	128,290,876	-	128,290,876
Total Investments	\$ 779,925,312	\$ 749,295	\$ 779,176,017

OKLAHOMA HOUSING FINANCE AGENCY

Notes to Financial Statements

September 30, 2008

**NOTE 3 - CASH AND INVESTMENTS (continued)**

*Investment Custodial Credit Risk*

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Agency's \$14,457,951 investments in securities are held by the investment's counterparty, in the name of the Agency. Investments in securities with Bank of Oklahoma are rated BBB+ by Standard & Poor's. The remaining securities with FHLB, Fannie Mae, and Freddie Mac, are all rated AAA by Moody's. The investments held by the Single Family Bond programs are not considered securities and are therefore not subject to custodial credit risk.

*Concentration of Investment Credit Risk*

The Agency places no limit on the amount the agency can invest in any one type of issuer. Investments by issuer that account for five percent or more of the agency's total investments are indicated by an asterisk (\*) below.

	Market Value	Credit Exposure as a Percentage of Total Investments
<b>Agency Portion:</b>		
Federal Home Loan Bank	3,375,543	0.4%
Fannie Mae (Federal National Mortgage Association)	4,010,168	0.5%
Freddie Mac (Federal Home Loan Mortgage Corporation)	7,072,240	1.0%
	\$ 14,457,951	1.9%
<b>Single Family Bond Portion:</b>		
Government National Mortgage Association Pooled Loans	484,552,828	* 62.1%
Federal National Mortgage Association Pooled Loans	152,623,657	* 19.6%
Depfa Bank, Guaranteed Investment Contracts	42,796,135	* 5.5%
Royal Bank of Canada, Guaranteed Investment Contracts	56,627,000	* 7.3%
Other Guaranteed Investment Contracts	28,867,741	3.7%
	\$765,467,361	98.2%
 Total Investments	 \$779,925,312	 100%

Total investments are reported in the Statement of Net Assets in the following classifications:

Noncurrent	
Restricted by Bond Indentures	\$ 765,467,361
Unrestricted	14,457,951
	\$ 779,925,312

The net change in fair value of investments shown in the financial statements takes into account all changes in fair value that occurred during the year. Fair value amounts for individual investments fluctuate based on changes in the market interest rates available to investors.

OKLAHOMA HOUSING FINANCE AGENCY

Notes to Financial Statements

September 30, 2008

**NOTE 4 – BONDS AND NOTES PAYABLE**

The Single Family Program bonds are generally payable in annual and semiannual installments and are subject to mandatory sinking fund requirements. These bonds are special obligations of the Agency, payable solely from the income and receipts of these indentures. The Agency, the State of Oklahoma, nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. These bonds are secured by mortgage loans and other assets of their respective indentures.

Bonds and notes payable as of September 30, 2008, and changes for the fiscal year then ended are as follows:

Single Family Revenue Bonds	Issued	Average Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
1987 A	5/28/1987	8.00%	5/1/2018	\$ 7,585,000	\$ -	\$ 1,595,000	\$ 5,990,000	\$ 1,445,004
1991 A&B	11/1/1991	7.35%	11/1/2024	1,757,522	--	307,114	1,450,408	243,990
1997A	3/12/1997	6.24%	9/1/2028	1,905,000	--	410,000	1,495,000	35,000
1997B-1, B-2, B-3	10/2/1997	5.55% 6.06% 6.75%	3/1/2028 9/1/2029 9/1/2018	3,355,000	--	570,000	2,785,000	20,000
1998A-1 A-2	3/12/1998	5.66% 6.40%	9/1/2029 9/1/2019	5,965,000	--	965,000	5,000,000	120,000
1998B-1 B-2 B-3	7/30/1998 7/15/1998 7/15/1998	5.50% 5.71% 6.19%	3/1/2029 3/1/2029 3/1/2029	4,557,048	--	1,077,974	3,479,074	130,000
1998D-1 D-2 D-3	10/22/1998	5.40% 5.31% 5.15%	3/1/2029 3/1/2030 9/1/2019	7,210,946	--	1,320,612	5,890,334	245,000
1999 A-1 A-2 A-3	2/19/1999	5.50% 5.39% 6.05%	3/1/2029 3/1/2030 9/1/2020	7,687,550	--	1,062,338	6,625,212	210,000
1999 B-1 B-2 B-3	5/27/1999	6.22% 5.53% 6.65%	9/1/2026 3/1/2030 9/1/2020	8,600,902	--	1,830,962	6,769,940	205,000
1999C	10/28/1999	7.10%	9/1/2031	394,524	--	63,073	331,451	--
1999 D-1 D-2 D-3	10/15/1999	6.58% 6.15% 7.02%	9/1/2026 9/1/2030 9/1/2026	6,048,016	--	1,249,188	4,798,828	145,000

**OKLAHOMA HOUSING FINANCE AGENCY**

Notes to Financial Statements

September 30, 2008

**NOTE 4 – BONDS AND NOTES PAYABLE (continued)**

Single Family Revenue Bonds	Issued	Average Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
2000 A-1		6.83%	9/1/2018					
A-2		5.63%	9/1/2031					
A-3		7.62%	9/1/2027					
A-4	3/1/2000	4.30%	9/1/2031	3,402,905	--	892,790	2,510,115	70,000
2000B	4/1/2000	7.60%	9/1/2026	840,353	--	248,204	592,149	--
2000C-1		5.11%	9/1/2014					
C-2		6.52%	9/1/2028					
C-3	6/14/2000	7.81%	9/1/2028	5,733,325	--	1,131,113	4,602,212	65,000
2000 D	10/4/2000	6.40%	9/1/2031	4,010,286	--	1,001,125	3,009,161	80,000
2001 A-1	4/26/2001	4.87%	3/1/2021	3,972,599	--	1,766,772	2,205,827	60,000
2001 B-1								
B-2	9/1/2001	5.52%	9/1/2032	8,925,000	--	1,535,000	7,390,000	160,000
2002 A&B	2/15/2002	4.97%	9/1/2034	8,960,000	--	2,225,000	6,735,000	140,000
2002C	5/23/2002	3.19%	9/1/2033	14,080,000	--	2,270,000	11,810,000	245,000
2003 A	1/31/2003	3.91%	9/1/2034	16,620,000	--	3,485,000	13,135,000	265,000
2003 B	5/30/2003	3.85%	9/1/2028	30,505,000	--	5,765,000	24,740,000	620,000
2003 C	8/22/2003	5.45%	9/1/2034	21,530,000	--	3,790,000	17,740,000	340,000
2004 A	4/20/2004	4.44%	3/1/2035	24,920,000	--	5,595,000	19,325,000	400,000
2004 B	7/8/2004	5.43%	3/1/2035	34,100,000	--	5,295,000	28,805,000	525,000
2005 A	1/21/2005	3.70%	9/1/2035	29,885,000	--	5,295,000	24,590,000	455,000
2005 B	6/15/2005	3.93%	3/1/2036	43,890,000	--	8,265,000	35,625,000	595,000
2005 C	7/7/2005	3.82%	9/1/2036	40,530,000	--	6,770,000	33,760,000	605,000
2005D	10/7/2005	4.14%	9/1/2036	18,945,000	--	2,475,000	16,470,000	285,000
2006A	1/12/2006	4.23%	3/1/2037	42,145,000	--	5,380,000	36,765,000	615,000
2006B	3/22/2006	4.22%	9/1/2037	42,915,000	--	4,700,000	38,215,000	625,000
2006C	5/18/2006	4.48%	9/1/2037	43,735,000	--	4,080,000	39,655,000	605,000
2006 D	10/1/2006	4.16%	3/1/2037	42,180,000	--	3,800,000	38,380,000	590,000
2007 Draw Down	9/29/2007	4.42%	9/1/2009	19,121,000	37,506,000	--	56,627,000	56,627,000
2007 A	2/1/2007	5.16%	3/1/2038	52,225,000	--	3,910,000	48,315,000	620,000
2007 B	5/1/2007	4.94%	9/1/2038	40,000,000	--	1,855,000	38,145,000	550,000
2007 C	7/1/2007	5.60%	9/1/2038	37,500,000	--	1,435,000	36,065,000	475,000
2007 D	10/1/2007	5.35%	3/1/2039		40,000,000	505,000	39,495,000	270,000
2008 A	7/9/2008	4.84%	3/1/2039		25,507,000	507,000	25,000,000	310,000
2008 B	9/30/2008	3.84%	3/1/2039		40,000,000	--	40,000,000	170,000

Single Family Revenue Bonds

\$ 685,736,976    \$ 143,013,000    \$ 94,428,265    \$ 734,321,711    \$ 69,165,994

Debt requirements on bonds and notes payable at September 30, 2008, as follows:

	2009	2010	2011	2012	2013	2014-2018	2019-2023	2024-2028	2029 +	Total
Principal and Interest	\$ 103,374,560	\$ 48,808,015	\$ 49,921,068	\$ 49,261,134	\$ 47,862,323	\$ 235,520,493	\$ 235,370,639	\$ 241,097,217	\$ 351,611,727	\$ 1,362,827,176
Less Interest	34,208,566	34,839,021	34,233,637	33,556,130	32,822,339	151,725,493	128,685,176	101,250,126	77,184,977	628,505,465
Total Principal	\$ 69,165,994	\$ 13,968,994	\$ 15,687,431	\$ 15,705,004	\$ 15,039,984	\$ 83,795,000	\$ 106,685,463	\$ 139,847,091	\$ 274,426,750	\$ 734,321,711

OKLAHOMA HOUSING FINANCE AGENCY  
Notes to Financial Statements  
September 30, 2008

**NOTE 5 – PROGRAM LOANS RECEIVABLE**

Program Loans Receivable as of September 30, 2008 consisted of the following:

Single Family Program Funds, 1993 A & B, bearing interest at 8.5-8.95%, maturing December, 2014, AMBAC insured	\$ 167,655
Single Family Program Funds, 1994 B, bearing interest at 10.97%, maturing September, 2016, MBIA insured	2,022,738
Single Family Program Funds, 2001 A, bearing interest averaging 4.87%, maturing March, 2021	1,240,828
Housing Trust Fund, bearing interest at 5%, loan to be repaid out of 75% of cash flow from the property, no set term or maturity date	195,510
Housing Trust Fund, bearing interest at 3.9%, 219-month term, collateralized by mortgages, maturing September, 2023	281,828
Housing Trust Fund, bearing interest at 1%, 3-year term, collateralized by mortgages, maturing December, 2005 **	32,500
Housing Trust Fund, bearing interest at 1%, 18 month term, collateralized by mortgages, maturing March 2009	500,000
Housing Trust Fund, bearing interest at 1%, 18-month term, collateralized by mortgages, maturing July, 2007. Borrower will buy out the loan once other financing is obtained. OHFA has sent demand letter.	117,864
Housing Trust Fund, bearing interest at 1%, 18-month term, collateralized by mortgages, maturing December, 2009	120,679
Housing Trust Fund, bearing interest at 1%, 18-month term, collateralized by mortgages, maturing May, 2009	93,925
Housing Trust Fund, bearing interest at 1%, 18-month term, collateralized by mortgages, maturing December 2009	64,336
Program loans, bearing interest at 6-7.4%, maturing September 2026 through February, 2027, guaranteed by mortgage guaranty fund	<u>2,099,385</u>
	<u><u>\$ 6,937,248</u></u>

\*\* Note is past due and in litigation.

OKLAHOMA HOUSING FINANCE AGENCY  
Notes to Financial Statements  
September 30, 2008

**NOTE 6 – RETIREMENT PLANS**

Employees hired prior to July 1, 1997, who elect not to be covered by the Oklahoma Public Employees Retirement Plan (“OPERS Plan”) are covered by the Oklahoma Housing Finance Agency Retirement Plan (“OHFA Plan”). The OHFA Plan is a defined contribution plan. No new employees are allowed to join this plan after June 30, 1997. OHFA’s contribution amount is at the discretion of the Board of Trustees and does not have any limitations. The Board of Trustees approved a monthly contribution to the OHFA Plan of 13.5% of salary for the period beginning July 1, 2007 and increased to 14.5% of salary beginning July 1, 2008.

All employees hired after June 30, 1997 are required to participate in the OPERS Plan. The OPERS Plan is a multi-employer public employee retirement plan, which is a defined benefit pension plan. The benefit provisions of the OPERS Plan are established by state statute. The contribution rates for employees and participating employers are as follows: employees -- 3.5% of all allowable compensation; employers -- 13.5% of allowable annual compensation for the period beginning July 1, 2007 and increasing to 14.5% of allowable annual compensation beginning July 1, 2008.

The percentage for employer contributions for both plans will increase by 1% annually beginning July 1, 2008 and each year thereafter, through June 30, 2011, when it reaches a maximum rate of 16.5%. There is no maximum compensation level for retirement purposes. The OPERS Plan issues separate annual financial reports. Copies of these reports may be obtained from the retirement system.

OHFA’s required contributions under the plan for 2008, 2007, and 2006 were \$710,406, \$652,600, and \$580,900, respectively and were equal to the required contributions under both plans for each respective year.

**NOTE 7 – CAPITAL ASSETS**

As of September 30, 2008, capital assets consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 550,000	\$ -	\$ -	\$ 550,000
Capital Assets being depreciated:				
Furniture and equipment	\$ 2,748,094	\$ 182,497	\$ (659,513)	\$ 2,271,078
Building	2,409,299	-	-	2,409,299
Improvements	1,100,060	79,122	-	1,179,182
Total capital assets being depreciated	<u>\$ 6,257,453</u>	<u>\$ 261,619</u>	<u>\$ (659,513)</u>	<u>\$ 5,859,559</u>
Less accumulated depreciation:				
Furniture and equipment	\$ (2,262,267)	\$ (264,276)	\$ 653,179	\$ (1,873,364)
Building	(335,475)	(60,232)	-	(395,707)
Improvements	(488,404)	(114,398)	-	(602,802)
Total accumulated depreciation	<u>\$ (3,086,146)</u>	<u>\$ (438,906)</u>	<u>\$ 653,179</u>	<u>\$ (2,871,873)</u>
Total capital assets being depreciated	<u>\$ 3,171,307</u>	<u>\$ (177,287)</u>	<u>\$ (6,334)</u>	<u>\$ 2,987,686</u>
Capital Assets, Net	<u>\$ 3,721,307</u>	<u>\$ (177,287)</u>	<u>\$ (6,334)</u>	<u>\$ 3,537,686</u>



OKLAHOMA HOUSING FINANCE AGENCY  
Notes to Financial Statements  
September 30, 2008

**NOTE 8 – RISK MANAGEMENT**

OHFA is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. OHFA pays an annual premium to a private insurance carrier for its tort liability, property loss and general liability insurance coverage. OHFA purchases commercial employee life insurance and pays an annual premium to a private insurance carrier for its employee health insurance coverage. OHFA carries insurance with the State Insurance Fund for other risks of loss, including workers' compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 9 – CONDUIT DEBT**

As indicated in Note 1, the Agency has issued multi-family mortgage revenue bonds to promote the development of adequate residential housing and other economic development. The net proceeds of these bonds are used to provide interim and permanent financing for multi-family construction projects, and establish debt-service reserves as required by the various trust indentures. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The Agency, the State of Oklahoma, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds.

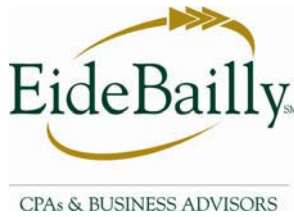
As of September 30, 2008, there were 2 series of multi-family bonds outstanding with an aggregate principal amount payable of \$11,265,569.

**NOTE 10 - CONTINGENCIES**

Intergovernmental Financial Assistance - OHFA administers various federal and state programs. These programs are subject to audit and adjustments by the awarding agencies and other organizations. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amount, if any, of expenditures disallowed cannot be determined at this time. OHFA expects such amounts, if any, to be immaterial.

Litigation – OHFA, in the normal course of business, is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, OHFA believes the resolution of these matters will not have a material adverse effect on the financial condition of OHFA.

## **SUPPLEMENTARY INFORMATION**



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

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To the Board of Trustees,  
Oklahoma Housing Finance Agency  
Oklahoma City, Oklahoma:

Our report on our audit of the basic financial statements of Oklahoma Housing Finance Agency for September 30, 2008, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on the Single Family Mortgage Revenue Bond Funds and the combining statements are presented for the purpose of additional analysis and are 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 basic financial statements taken as a whole.

*Eide Bailly LLP*

Norman, Oklahoma  
May 5, 2009

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**OKLAHOMA HOUSING FINANCE AGENCY**  
**Single Family Mortgage Revenue Bond Funds**  
**Supplemental Combining Schedule of Net Assets**  
**September 30, 2008**

<b>ASSETS</b>	1987 Series A	1991 Series A & B	1993 Series A & B	1994 Series B	1997 Series A	1997 Series B
Noncurrent Assets						
Cash and Cash Equivalents	\$ 865,150	\$ 31,688	\$ 1,003,299	\$ 225	\$ 48,431	\$ 24,235
Investments	6,574,361	1,555,105	-	-	2,245,532	3,425,096
Interest Receivable	41,302	9,024	1,312	18,491	11,169	17,425
Program Loans Receivable	-	-	167,655	2,022,738	-	-
<b>Total Assets</b>	<b>\$ 7,480,813</b>	<b>\$ 1,595,817</b>	<b>\$ 1,172,266</b>	<b>\$ 2,041,454</b>	<b>\$ 2,305,132</b>	<b>\$ 3,466,756</b>
<b>LIABILITIES</b>						
Current Liabilities						
Accounts Payable and Accrued Expenses	\$ 509	\$ 135	\$ 21	\$ 51,625	\$ 244	\$ 572
Interest Payable	39,918	9,017	-	-	7,542	13,387
Current Maturities of Bonds Payable	1,445,004	243,990	-	-	35,000	20,000
<b>Total Current Liabilities</b>	<b>\$ 1,485,431</b>	<b>\$ 253,142</b>	<b>\$ 21</b>	<b>\$ 51,625</b>	<b>\$ 42,786</b>	<b>\$ 33,959</b>
Noncurrent Liabilities						
Bonds Payable Less Current Maturities	\$ 4,544,996	\$ 1,206,418	\$ -	\$ -	\$ 1,460,000	\$ 2,765,000
Deferred Revenue and Other Deferred Credits	30,126	-	-	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>\$ 4,575,122</b>	<b>\$ 1,206,418</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,460,000</b>	<b>\$ 2,765,000</b>
<b>Total Liabilities</b>	<b>\$ 6,060,553</b>	<b>\$ 1,459,560</b>	<b>\$ 21</b>	<b>\$ 51,625</b>	<b>\$ 1,502,786</b>	<b>\$ 2,798,959</b>
<b>NET ASSETS</b>						
Restricted for Single Family Bond Programs	\$ 1,420,260	\$ 136,257	\$ 1,172,245	\$ 1,989,829	\$ 802,346	\$ 667,797

**OKLAHOMA HOUSING FINANCE AGENCY**  
**Single Family Mortgage Revenue Bond Funds**  
**Supplemental Combining Schedule of Net Assets**  
**September 30, 2008**

	1998 Series A	1998 Series B	1998 Series D	1999 Series A	1999 Series B	1999 Series C	1999 Series D
<b>ASSETS</b>							
Noncurrent Assets							
Cash and Cash Equivalents	\$ 69,571	\$ 180,314	\$ 257,165	\$ 50,982	\$ 161,632	\$ 2,736	\$ 122,478
Investments	5,705,680	4,376,514	6,757,602	7,463,234	7,979,305	389,427	5,389,690
Interest Receivable	27,183	21,821	32,226	36,272	39,829	2,318	28,635
Deferred Issuance, Finance and Other Costs, Net	-	88	14,924	48,338	17,760	7,233	5,673
Total Assets	\$ 5,802,434	\$ 4,578,737	\$ 7,061,917	\$ 7,598,826	\$ 8,198,526	\$ 401,714	\$ 5,546,476
<b>Liabilities</b>							
Current Liabilities							
Accounts Payable and Accrued Expenses	\$ 659	\$ 681	\$ 991	\$ 1,658	\$ 1,392	\$ 165	\$ 908
Interest Payable	22,667	15,810	25,388	29,400	31,898	1,961	25,984
Current Maturities of Bonds Payable	120,000	130,000	245,000	210,000	205,000	-	145,000
Total Current Liabilities	\$ 143,326	\$ 146,491	\$ 271,379	\$ 241,058	\$ 238,290	\$ 2,126	\$ 171,892
Noncurrent Liabilities							
Bonds Payable Less Current Maturities HOME Funds Payable	\$ 4,880,000	\$ 3,349,074	\$ 5,645,334	\$ 6,415,212	\$ 6,564,940	\$ 331,451	\$ 4,653,828
Total Noncurrent Liabilities	\$ 4,880,000	\$ 3,349,074	\$ 5,645,334	\$ 6,415,212	\$ 6,914,385	\$ 331,451	\$ 4,653,828
Total Liabilities	\$ 5,023,326	\$ 3,495,565	\$ 5,916,713	\$ 6,656,270	\$ 7,152,675	\$ 333,577	\$ 4,825,720
<b>NET ASSETS</b>							
Restricted for Single Family Bond Programs	\$ 779,108	\$ 1,083,172	\$ 1,145,204	\$ 942,556	\$ 1,045,851	\$ 68,137	\$ 720,756

**OKLAHOMA HOUSING FINANCE AGENCY**  
**Single Family Mortgage Revenue Bond Funds**  
**Supplemental Combining Schedule of Net Assets**  
**September 30, 2008**

	2000 Series A	2000 Series B	2000 Series C	2000 Series D	2001 Series A	2001 Series B	2002 Series A & B	2002 Series C
<b>ASSETS</b>								
Noncurrent Assets								
Cash and Cash Equivalents	\$ 96,014	\$ 5,009	\$ 108,695	\$ 93,000	\$ 1,816,193	\$ 184,640	\$ 327,637	\$ 149,926
Investments	3,757,063	657,984	6,056,315	3,622,084	6,344,915	10,057,656	7,683,571	12,180,120
Due from(to) Other Funds	-	-	-	-	1,603,702	(1,031,754)	(571,948)	-
Interest Receivable	21,544	4,216	33,435	19,346	34,461	47,465	37,052	60,478
Program Loans Receivable	-	-	-	-	1,240,828	-	-	-
Deferred Issuance, Finance and Other Costs, Net	13,796	17,813	59,821	23,516	1,656	72,221	76,995	228,660
<b>Total Assets</b>	<b>\$ 3,888,417</b>	<b>\$ 685,022</b>	<b>\$ 6,258,266</b>	<b>\$ 3,757,946</b>	<b>\$ 11,041,755</b>	<b>\$ 9,330,208</b>	<b>\$ 7,553,307</b>	<b>\$ 12,619,184</b>
<b>Liabilities</b>								
Current Liabilities								
Accounts Payable and Accrued Expenses	\$ 489	\$ 462	\$ 1,165	\$ 532	\$ 1,527	\$ 1,756	\$ 2,042	\$ 41,574
Interest Payable	14,304	3,750	25,450	15,736	10,913	32,573	28,271	58,517
Current Maturities of Bonds Payable	70,000	-	65,000	80,000	60,000	160,000	140,000	245,000
<b>Total Current Liabilities</b>	<b>\$ 84,793</b>	<b>\$ 4,212</b>	<b>\$ 91,615</b>	<b>\$ 96,268</b>	<b>\$ 72,440</b>	<b>\$ 194,329</b>	<b>\$ 170,313</b>	<b>\$ 345,091</b>
Noncurrent Liabilities								
Bonds Payable Less Current Maturities	\$ 2,440,115	\$ 592,149	\$ 4,537,212	\$ 2,929,161	\$ 2,145,827	\$ 7,230,000	\$ 6,595,000	\$ 11,565,000
HOME Funds Payable	246,069	-	298,858	74,467	99,347	116,073	100,277	29,547
<b>Total Noncurrent Liabilities</b>	<b>\$ 2,686,184</b>	<b>\$ 592,149</b>	<b>\$ 4,836,070</b>	<b>\$ 3,003,628</b>	<b>\$ 2,245,174</b>	<b>\$ 7,346,073</b>	<b>\$ 6,695,277</b>	<b>\$ 11,594,547</b>
<b>Total Liabilities</b>	<b>\$ 2,770,977</b>	<b>\$ 596,361</b>	<b>\$ 4,927,685</b>	<b>\$ 3,099,896</b>	<b>\$ 2,317,614</b>	<b>\$ 7,540,402</b>	<b>\$ 6,865,590</b>	<b>\$ 11,939,638</b>
<b>NET ASSETS</b>								
Restricted for Single Family Bond Programs	\$ 1,117,440	\$ 88,661	\$ 1,330,581	\$ 658,050	\$ 8,724,141	\$ 1,789,806	\$ 687,717	\$ 679,546

**OKLAHOMA HOUSING FINANCE AGENCY**  
**Single Family Mortgage Revenue Bond Funds**  
**Supplemental Combining Schedule of Net Assets**  
**September 30, 2008**

	2003 Series A	2003 Series B	2003 Series C	2004 Series A	2004 Series B	2005 Series A	2005 Series B
<b>ASSETS</b>							
Current Assets							
Accounts Receivable	\$ 3,267	\$ -	\$ 20,159	\$ -	\$ 50,901	\$ -	\$ 40,379
Total Current Assets	\$ 3,267	\$ -	\$ 20,159	\$ -	\$ 50,901	\$ -	\$ 40,379
Noncurrent Assets							
Cash and Cash Equivalents	\$ 189,524	\$ 559,176	\$ 212,581	\$ 904,821	\$ 452,107	\$ 231,661	\$ 588,577
Investments	16,741,706	24,626,341	18,135,676	18,916,353	29,613,140	24,947,392	36,182,485
Due from(to) Other Funds	-	-	-	12,268	20,111	19,603	45,919
Interest Receivable	75,013	106,315	84,716	81,433	139,669	112,152	162,270
Deferred Issuance, Finance and Other Costs, Net	52,663	21,293	20,223	154,799	80,140	-	-
Total Noncurrent Assets	\$ 17,058,906	\$ 25,313,125	\$ 18,453,196	\$ 20,069,674	\$ 30,305,167	\$ 25,310,808	\$ 36,979,251
Total Assets	\$ 17,062,173	\$ 25,313,125	\$ 18,473,355	\$ 20,069,674	\$ 30,356,068	\$ 25,310,808	\$ 37,019,630
<b>LIABILITIES</b>							
Current Liabilities							
Accounts Payable and Accrued Expenses	\$ 27,355	\$ 34,126	\$ 2,424	\$ 2,840	\$ 27,896	\$ 2,755	\$ 4,827
Interest Payable	58,018	80,855	82,454	76,691	134,293	104,698	146,900
Current Maturities of Bonds Payable	265,000	620,000	340,000	400,000	525,000	455,000	595,000
Total Current Liabilities	\$ 350,373	\$ 734,981	\$ 424,878	\$ 479,531	\$ 687,189	\$ 562,453	\$ 746,727
Noncurrent Liabilities							
Bonds Payable Less Current Maturities	\$ 12,870,000	\$ 24,120,000	\$ 17,400,000	\$ 18,925,000	\$ 28,280,000	\$ 24,135,000	\$ 35,030,000
Total Noncurrent Liabilities	\$ 12,870,000	\$ 24,120,000	\$ 17,400,000	\$ 18,925,000	\$ 28,280,000	\$ 24,135,000	\$ 35,030,000
Total Liabilities	\$ 13,220,373	\$ 24,854,981	\$ 17,824,878	\$ 19,404,531	\$ 28,967,189	\$ 24,697,453	\$ 35,776,727
<b>NET ASSETS</b>							
Restricted for Single Family Bond Programs	\$ 3,841,800	\$ 458,144	\$ 648,477	\$ 665,143	\$ 1,388,879	\$ 613,355	\$ 1,242,903

**OKLAHOMA HOUSING FINANCE AGENCY**  
**Single Family Mortgage Revenue Bond Funds**  
**Supplemental Combining Schedule of Net Assets**  
**September 30, 2008**

	2005 Series C	2005 Series D	2006 Series A	2006 Series B	2006 Series C	2006 Series D	2007 Draw Down Series
<b>ASSETS</b>							
Noncurrent Assets							
Cash and Cash Equivalents	\$ 692,117	\$ 357,149	\$ 777,595	\$ 1,103,855	\$ 833,306	\$ 477,075	\$ 32,552
Investments	33,758,056	16,469,476	36,900,134	38,896,809	40,348,843	38,725,684	56,627,000
Due from(to) Other Funds	25,093	11,374	39,516	21,814	22,362	15,985	-
Interest Receivable	149,990	73,812	168,652	179,822	192,897	193,909	200,086
Deferred Issuance, Finance and Other Costs, Net	-	-	-	-	-	92,170	-
<b>Total Assets</b>	<b>\$ 34,625,256</b>	<b>\$ 16,911,811</b>	<b>\$ 37,885,897</b>	<b>\$ 40,202,300</b>	<b>\$ 41,397,408</b>	<b>\$ 39,504,823</b>	<b>\$ 56,859,638</b>
<b>LIABILITIES</b>							
Current Liabilities							
Accounts Payable and Accrued Expenses	\$ 4,430	\$ 933	\$ 3,871	\$ 9,171	\$ 5,908	\$ 5,578	\$ -
Interest Payable	141,883	71,617	162,584	165,210	180,257	167,302	77,390
Current Maturities of Bonds Payable	605,000	285,000	615,000	625,000	605,000	590,000	56,627,000
<b>Total Current Liabilities</b>	<b>\$ 751,313</b>	<b>\$ 357,550</b>	<b>\$ 781,455</b>	<b>\$ 799,381</b>	<b>\$ 791,165</b>	<b>\$ 762,880</b>	<b>\$ 56,704,390</b>
Noncurrent Liabilities							
Bonds Payable Less Current Maturities	\$ 33,155,000	\$ 16,185,000	\$ 36,150,000	\$ 37,590,000	\$ 39,050,000	\$ 37,790,000	\$ -
<b>Total Liabilities</b>	<b>\$ 33,906,313</b>	<b>\$ 16,542,550</b>	<b>\$ 36,931,455</b>	<b>\$ 38,389,381</b>	<b>\$ 39,841,165</b>	<b>\$ 38,552,880</b>	<b>\$ 56,704,390</b>
<b>NET ASSETS</b>							
Restricted for Single Family Bond Programs	\$ 718,943	\$ 369,261	\$ 954,442	\$ 1,812,919	\$ 1,556,243	\$ 951,943	\$ 155,248



**OKLAHOMA HOUSING FINANCE AGENCY**  
**Single Family Mortgage Revenue Bond Funds**  
**Supplemental Combining Schedule of Net Assets**  
**September 30, 2008**

	2007 Series A	2007 Series B	2007 Series C	2007 Series D	2008 Series A	2008 Series B	Accumulation Bond Fund	Total Single Family Bond Programs
<b>ASSETS</b>								
Current Assets								
Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,706
Total Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,706
Noncurrent Assets								
Cash and Cash Equivalents	\$ 545,568	\$ 529,123	\$ 640,192	\$ 312,421	\$ 111,874	\$ 10,067	\$ 4,619,786	\$ 19,780,147
Investments	48,965,986	38,611,601	36,641,579	40,251,171	26,017,789	41,868,906	-	765,467,361
Interest Receivable	229,038	182,814	182,314	185,245	92,002	103,517	2,697	3,443,367
Due from(to) Other Funds	17,420	8,205	13,568	1,719	-	-	(274,957)	-
Program Loans Receivable	-	-	-	-	-	-	-	3,431,221
Deferred Issuance, Finance and Other Costs, Net	255,357	265,680	466,826	444,402	798,738	1,373,904	-	4,614,689
Total Noncurrent Assets	\$ 50,013,369	\$ 39,597,423	\$ 37,944,479	\$ 41,194,958	\$ 27,020,403	\$ 43,356,394	\$ 4,347,526	\$ 796,736,785
Total Assets	\$ 50,013,369	\$ 39,597,423	\$ 37,944,479	\$ 41,194,958	\$ 27,020,403	\$ 43,356,394	\$ 4,347,526	\$ 796,851,491
<b>LIABILITIES</b>								
Current Liabilities								
Accounts Payable and Accrued Expenses	\$ 19,901	\$ 1,048	\$ 3,358	\$ 11,970	\$ 650,308	\$ 1,379,411	\$ -	\$ 2,307,217
Interest Payable	208,027	158,497	173,210	178,965	121,498	181,761	-	3,084,596
Current Maturities of Bonds Payable	620,000	550,000	475,000	270,000	310,000	170,000	-	69,165,994
Total Current Liabilities	\$ 847,928	\$ 709,545	\$ 651,568	\$ 460,935	\$ 1,081,806	\$ 1,731,172	\$ -	\$ 74,557,807
Noncurrent Liabilities								
Bonds Payable Less Current Maturities	\$ 47,695,000	\$ 37,595,000	\$ 35,590,000	\$ 39,225,000	\$ 24,690,000	\$ 39,830,000	\$ -	\$ 665,155,717
Unamortized Bond Issue Costs	(710)	531	145,752	312,251	35,500	10,063	-	503,387
Deferred Revenue and Other Deferred Credits	130,000	170,000	200,000	125,000	100,000	495,000	-	1,250,126
HOME Funds Payable	-	-	-	-	-	-	-	1,314,083
Total Noncurrent Liabilities	\$ 47,824,290	\$ 37,765,531	\$ 35,935,752	\$ 39,662,251	\$ 24,825,500	\$ 40,335,063	\$ -	\$ 668,223,313
Total Liabilities	\$ 48,672,218	\$ 38,475,076	\$ 36,587,320	\$ 40,123,186	\$ 25,907,306	\$ 42,066,235	\$ -	\$ 742,781,120
<b>NET ASSETS</b>								
Restricted for Single Family Bond Programs	\$ 1,341,151	\$ 1,122,347	\$ 1,357,159	\$ 1,071,772	\$ 1,113,097	\$ 1,290,159	\$ 4,347,526	\$ 54,070,371

OKLAHOMA HOUSING FINANCE AGENCY  
 Single Family Mortgage Revenue Bond Funds  
 Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Assets  
 September 30, 2008

	1987 Series A	1991 Series A & B	1993 Series A & B	1994 Series B	1997 Series A	1997 Series B
Operating Revenues						
Interest Income						
Investments	\$ 595,785	\$ 125,938	\$ 24,515	\$ 65,694	\$ 164,710	\$ 246,286
Program Loans	-	-	17,443	263,861	-	-
Net Increase (Decrease) in Fair Value of Investments	76,868	(22,548)	-	-	20,837	17,466
Other Income	6,456	-	-	-	-	-
Total Operating Revenues	\$ 679,109	\$ 103,390	\$ 41,958	\$ 329,555	\$ 185,547	\$ 263,752
Operating Expenses						
Interest	\$ 542,379	\$ 102,755	\$ -	\$ -	\$ 104,300	\$ 179,244
Mortgage Servicing Fees	33,579	7,908	1,038	11,701	11,479	17,437
Amortization of Deferred Finance Costs	-	-	-	-	-	-
Trustees, Issuer and Other Fees	7,710	2,202	5,336	14,436	6,013	10,075
Other	-	-	387	-	-	-
Total Operating Expenses	\$ 583,668	\$ 112,865	\$ 6,761	\$ 26,137	\$ 121,792	\$ 206,756
Net Income (Loss) before Operating Transfers	\$ 95,441	\$ (9,475)	\$ 35,197	\$ 303,418	\$ 63,755	\$ 56,996
Operating Transfers In (Out)	-	-	-	(3,257,810)	-	-
Net Income (Loss)	\$ 95,441	\$ (9,475)	\$ 35,197	\$ (2,954,392)	\$ 63,755	\$ 56,996
Total Net Assets, Beginning	1,324,819	145,732	1,137,048	4,944,221	738,591	610,801
Total Net Assets, Ending	\$ 1,420,260	\$ 136,257	\$ 1,172,245	\$ 1,989,829	\$ 802,346	\$ 667,797

OKLAHOMA HOUSING FINANCE AGENCY  
 Single Family Mortgage Revenue Bond Funds  
 Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Assets  
 September 30, 2008

	1998 Series A	1998 Series B	1998 Series D	1999 Series A	1999 Series B	1999 Series C
Operating Revenues						
Interest Income						
Investments	\$ 390,962	\$ 326,759	\$ 469,176	\$ 500,516	\$ 569,970	\$ 33,120
Net Increase (Decrease) in Fair Value of Investments	<u>52,313</u>	<u>33,196</u>	<u>(200,711)</u>	<u>88,828</u>	<u>26,780</u>	<u>7,818</u>
Total Operating Revenues	<u>\$ 443,275</u>	<u>\$ 359,955</u>	<u>\$ 268,465</u>	<u>\$ 589,344</u>	<u>\$ 596,750</u>	<u>\$ 40,938</u>
Operating Expenses						
Interest	\$ 298,393	\$ 228,339	\$ 346,413	\$ 380,219	\$ 432,535	\$ 26,721
Mortgage Servicing Fees	29,574	24,001	36,968	37,724	41,743	2,016
Amortization of Deferred Finance Costs	-	28	15,955	32,754	17,404	6,184
Trustees, Issuer and Other Fees	<u>11,174</u>	<u>11,492</u>	<u>15,600</u>	<u>24,681</u>	<u>21,251</u>	<u>5,311</u>
Total Operating Expenses	<u>\$ 339,141</u>	<u>\$ 263,860</u>	<u>\$ 414,936</u>	<u>\$ 475,378</u>	<u>\$ 512,933</u>	<u>\$ 40,232</u>
Net Income (Loss)	\$ 104,134	\$ 96,095	\$ (146,471)	\$ 113,966	\$ 83,817	\$ 706
Total Net Assets, Beginning	<u>674,974</u>	<u>987,077</u>	<u>1,291,675</u>	<u>828,590</u>	<u>962,034</u>	<u>67,431</u>
Total Net Assets, Ending	<u>\$ 779,108</u>	<u>\$ 1,083,172</u>	<u>\$ 1,145,204</u>	<u>\$ 942,556</u>	<u>\$ 1,045,851</u>	<u>\$ 68,137</u>

OKLAHOMA HOUSING FINANCE AGENCY  
 Single Family Mortgage Revenue Bond Funds  
 Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Assets  
 September 30, 2008

	1999 Series D	2000 Series A	2000 Series B	2000 Series C	2000 Series D	2001 Series A	2001 Series B
Operating Revenues							
Interest Income							
Investments	\$ 404,151	\$ 286,317	\$ 58,562	\$ 471,482	\$ 283,747	\$ 508,293	\$ 671,685
Program Loans	-	-	-	-	-	154,495	-
Net Increase (Decrease) in Fair Value of Investments	58,393	15,496	(4,004)	65,286	27,547	57,662	150,189
Total Operating Revenues	\$ 462,544	\$ 301,813	\$ 54,558	\$ 536,768	\$ 311,294	\$ 720,450	\$ 821,874
Operating Expenses							
Interest	\$ 341,602	\$ 191,846	\$ 50,216	\$ 338,211	\$ 217,406	\$ 194,746	\$ 462,512
Mortgage Servicing Fees	27,238	19,065	3,342	30,122	19,118	43,206	51,491
Amortization of Deferred Finance Costs	4,663	12,921	19,182	34,315	16,070	1,813	25,598
Trustees, Issuer and Other Fees	14,502	9,232	8,098	18,220	9,782	23,221	25,689
Other	-	-	-	-	-	7,242	-
Total Operating Expenses	\$ 388,005	\$ 233,064	\$ 80,838	\$ 420,868	\$ 262,376	\$ 270,228	\$ 565,290
Net Income (Loss)	\$ 74,539	\$ 68,749	\$ (26,280)	\$ 115,900	\$ 48,918	\$ 450,222	\$ 256,584
Total Net Assets, Beginning	646,217	1,048,691	114,941	1,214,681	609,132	8,273,919	1,533,222
Total Net Assets, Ending	\$ 720,756	\$ 1,117,440	\$ 88,661	\$ 1,330,581	\$ 658,050	\$ 8,724,141	\$ 1,789,806

OKLAHOMA HOUSING FINANCE AGENCY  
Single Family Mortgage Revenue Bond Funds  
Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Assets  
September 30, 2008

	2002 Series A & B	2002 Series C	2003 Series A	2003 Series B	2003 Series C	2004 Series A	2004 Series B
Operating Revenues							
Interest Income							
Investments	\$ 571,334	\$ 896,277	\$ 1,081,716	\$ 1,501,898	\$ 1,224,067	\$ 1,255,898	\$ 2,074,983
Net Increase (Decrease) in Fair Value of Investments	101,297	99,101	308,412	589,045	244,031	498,231	448,697
Total Operating Revenues	\$ 672,631	\$ 995,378	\$ 1,390,128	\$ 2,090,943	\$ 1,468,098	\$ 1,754,129	\$ 2,523,680
Operating Expenses							
Interest	\$ 457,053	\$ 764,504	\$ 817,291	\$ 1,278,934	\$ 1,095,265	\$ 1,061,750	\$ 1,797,458
Mortgage Servicing Fees	43,659	63,211	90,700	134,879	96,820	108,504	146,232
Amortization of Deferred Finance Costs	31,781	44,618	14,860	4,961	4,320	60,691	43,456
Trustees, Issuer and Other Fees	29,755	36,988	67,144	77,716	34,893	40,318	45,375
Total Operating Expenses	\$ 562,248	\$ 909,321	\$ 989,995	\$ 1,496,490	\$ 1,231,298	\$ 1,271,263	\$ 2,032,521
Net Income (Loss)	\$ 110,383	\$ 86,057	\$ 400,133	\$ 594,453	\$ 236,800	\$ 482,866	\$ 491,159
Total Net Assets, Beginning	577,334	593,489	3,441,667	(136,309)	411,677	182,277	897,720
Total Net Assets, Ending	\$ 687,717	\$ 679,546	\$ 3,841,800	\$ 458,144	\$ 648,477	\$ 665,143	\$ 1,388,879

OKLAHOMA HOUSING FINANCE AGENCY  
Single Family Mortgage Revenue Bond Funds  
Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Assets  
September 30, 2008

	2005 Series A	2005 Series B	2005 Series C	2005 Series D	2006 Series A	2006 Series B	2006 Series C
Operating Revenues							
Interest Income							
Investments	\$ 1,635,293	\$ 2,400,362	\$ 2,216,840	\$ 1,066,376	\$ 2,375,857	\$ 2,567,572	\$ 2,726,070
Net Increase (Decrease) in Fair Value of Investments	482,288	613,862	724,653	325,901	643,123	651,916	518,558
Other Income	17,985	41,110	22,188	7,428	35,928	20,791	22,362
Total Operating Revenues	\$ 2,135,566	\$ 3,055,334	\$ 2,963,681	\$ 1,399,705	\$ 3,054,908	\$ 3,240,279	\$ 3,266,990
Operating Expenses							
Interest	\$ 1,418,202	\$ 2,013,394	\$ 1,921,827	\$ 960,121	\$ 2,063,941	\$ 2,139,104	\$ 2,313,505
Mortgage Servicing Fees	134,259	198,447	187,582	90,538	197,864	193,853	209,536
Trustees, Issuer and Other Fees	40,205	69,224	62,842	15,159	57,071	127,614	83,995
Total Operating Expenses	\$ 1,592,666	\$ 2,281,065	\$ 2,172,251	\$ 1,065,818	\$ 2,318,876	\$ 2,460,571	\$ 2,607,036
Net Income (Loss) before Operating Transfers	\$ 542,900	\$ 774,269	\$ 791,430	\$ 333,887	\$ 736,032	\$ 779,708	\$ 659,954
Operating Transfers In (Out)	(996)	-	-	-	(291)	(197)	(52)
Net Income (Loss)	\$ 541,904	\$ 774,269	\$ 791,430	\$ 333,887	\$ 735,741	\$ 779,511	\$ 659,902
Total Net Assets, Beginning	71,451	468,634	(72,487)	35,374	218,701	1,033,408	896,341
Total Net Assets, Ending	\$ 613,355	\$ 1,242,903	\$ 718,943	\$ 369,261	\$ 954,442	\$ 1,812,919	\$ 1,556,243

OKLAHOMA HOUSING FINANCE AGENCY  
Single Family Mortgage Revenue Bond Funds  
Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Assets  
September 30, 2008

	2007					
	2006 Series D	Draw Down Series	2007 Series A	2007 Series B	2007 Series C	2007 Series D
Operating Revenues						
Interest Income						
Investments	\$ 2,532,317	\$ 1,397,905	\$ 2,990,130	\$ 2,495,914	\$ 2,733,121	\$ 2,262,229
Net Increase (Decrease) in Fair Value of Investments	<u>559,132</u>	<u>-</u>	<u>775,937</u>	<u>536,596</u>	<u>541,465</u>	<u>511,347</u>
Total Operating Revenues	<u>\$ 3,091,449</u>	<u>\$ 1,397,905</u>	<u>\$ 3,766,067</u>	<u>\$ 3,032,510</u>	<u>\$ 3,274,586</u>	<u>\$ 2,773,576</u>
Operating Expenses						
Interest	\$ 2,131,244	\$ 1,257,553	\$ 2,622,772	\$ 2,103,374	\$ 2,416,167	\$ 2,033,693
Mortgage Servicing Fees	199,108	-	34,001	195,266	171,670	125,822
Amortization of Deferred Finance Costs	8,177	-	22,155	-	-	-
Trustees, Issuer and Other Fees	86,030	-	187,372	2,956	2,795	3,061
Arbitrage Payment	<u>-</u>	<u>59,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$ 2,424,559</u>	<u>\$ 1,317,280</u>	<u>\$ 2,866,300</u>	<u>\$ 2,301,596</u>	<u>\$ 2,590,632</u>	<u>\$ 2,162,576</u>
Net Income (Loss) before Operating Transfers	\$ 666,890	\$ 80,625	\$ 899,767	\$ 730,914	\$ 683,954	\$ 611,000
Operating Transfers In (Out)	<u>(110,000)</u>	<u>(77,957)</u>	<u>(65,803)</u>	<u>30,514</u>	<u>(121,248)</u>	<u>460,772</u>
Net Income (Loss)	\$ 556,890	\$ 2,668	\$ 833,964	\$ 761,428	\$ 562,706	\$ 1,071,772
Total Net Assets, Beginning	<u>395,053</u>	<u>152,580</u>	<u>507,187</u>	<u>360,919</u>	<u>794,453</u>	<u>-</u>
Total Net Assets, Ending	<u>\$ 951,943</u>	<u>\$ 155,248</u>	<u>\$ 1,341,151</u>	<u>\$ 1,122,347</u>	<u>\$ 1,357,159</u>	<u>\$ 1,071,772</u>

OKLAHOMA HOUSING FINANCE AGENCY  
Single Family Mortgage Revenue Bond Funds  
Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Assets  
September 30, 2008

	2008 Series A	2008 Series B	Accumulation Bond Fund	Total Single Family Bond Programs
Operating Revenues				
Interest Income	\$ 86,397	\$ 103,521	\$ 85,459	\$ 44,479,204
Investments	-	-	-	435,799
Program Loans				
Net Increase (Decrease) in Fair Value of Investments	137,962	(5,560)	-	9,777,410
Other Income	-	-	-	174,248
Total Operating Revenues	<u>\$ 224,359</u>	<u>\$ 97,961</u>	<u>\$ 85,459</u>	<u>\$ 54,866,661</u>
Operating Expenses				
Interest	\$ 121,498	\$ 181,766	\$ -	\$ 37,408,253
Mortgage Servicing Fees	910	-	-	3,071,611
Amortization of Deferred Finance Costs	-	-	-	421,906
Trustees, Issuer and Other Fees	-	-	-	1,314,538
Arbitrage Payment	-	-	-	59,727
Other	-	-	-	7,629
Total Operating Expenses	<u>\$ 122,408</u>	<u>\$ 181,766</u>	<u>\$ -</u>	<u>\$ 42,283,664</u>
Net Income (Loss) before Operating Transfers	\$ 101,951	\$ (83,805)	\$ 85,459	\$ 12,582,997
Operating Transfers In (Out)	<u>1,011,146</u>	<u>1,373,964</u>	<u>757,958</u>	<u>-</u>
Net Income (Loss)	\$ 1,113,097	\$ 1,290,159	\$ 843,417	\$ 12,582,997
Total Net Assets, Beginning	<u>-</u>	<u>-</u>	<u>3,504,109</u>	<u>41,487,374</u>
Total Net Assets, Ending	<u>\$ 1,113,097</u>	<u>\$ 1,290,159</u>	<u>\$ 4,347,526</u>	<u>\$ 54,070,371</u>



**OKLAHOMA HOUSING FINANCE AGENCY**  
**Supplemental Combining Statement of Net Assets**  
**September 30, 2008**

ASSETS	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 11,121,537	\$ -	\$ 11,121,537
Accounts Receivable	114,706	112,187	(89,321)	137,572
Accounts Receivable- U.S. Dept of Housing and Urban Development	-	768,207	-	768,207
Prepaid Expenses	-	222,340	-	222,340
Interest Receivable	-	128,891	-	128,891
<b>Total Current Assets</b>	<b>\$ 114,706</b>	<b>\$ 12,353,162</b>	<b>\$ (89,321)</b>	<b>\$ 12,378,547</b>
<b>Noncurrent Assets</b>				
<b>Restricted Assets</b>				
Cash and Cash Equivalents	\$ 19,780,147	\$ 15,791,583	\$ -	\$ 35,571,730
Investments	765,467,361	-	-	765,467,361
Interest Receivable	3,443,367	-	-	3,443,367
Program Loans Receivable	3,431,221	3,506,027	-	6,937,248
Deferred Issuance, Finance and Other Costs, Net	4,614,689	-	-	4,614,689
<b>Long-Term Investments</b>	<b>-</b>	<b>14,457,951</b>	<b>-</b>	<b>14,457,951</b>
<b>Property and Equipment, Net</b>	<b>-</b>	<b>3,537,686</b>	<b>-</b>	<b>3,537,686</b>
<b>Total Noncurrent Assets</b>	<b>\$ 796,736,785</b>	<b>\$ 37,293,247</b>	<b>\$ -</b>	<b>\$ 834,030,032</b>
<b>Total Assets</b>	<b>\$ 796,851,491</b>	<b>\$ 49,646,409</b>	<b>\$ (89,321)</b>	<b>\$ 846,408,579</b>
<b>Current Liabilities</b>				
Salaries and Related Expenses	\$ -	\$ 157,771	\$ -	\$ 157,771
Accounts Payable- Vendors and Contractors	-	181,293	-	181,293
Accounts Payable- U.S. Dept of Housing and Urban Development	-	153,498	-	153,498
Accounts Payable- Family Self Sufficiency Program	-	383,217	-	383,217
Accounts Payable- Homebuyers Assistance	2,052,446	-	-	2,052,446
Accounts Payable- Other	254,771	58,481	(89,321)	223,931
Deferred Intergovernmental Revenue	-	438,809	-	438,809
Compensated Absences	-	854,886	-	854,886
Interest Payable	3,084,596	-	-	3,084,596
Current Maturities of Bonds and Notes Payable	69,165,994	-	-	69,165,994
<b>Total Current Liabilities</b>	<b>\$ 74,557,807</b>	<b>\$ 2,227,955</b>	<b>\$ (89,321)</b>	<b>\$ 76,696,441</b>
<b>Noncurrent Liabilities</b>				
Bonds and Notes Payable Less Current Maturities	\$ 665,155,717	\$ -	\$ -	\$ 665,155,717
Unamortized Bond Issue Costs	503,387	-	-	503,387
Deferred Revenue and Other Deferred Credits	1,250,126	-	-	1,250,126
HOME Funds Payable	1,314,083	-	-	1,314,083
<b>Total Noncurrent Liabilities</b>	<b>\$ 668,223,313</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 668,223,313</b>
<b>Total Liabilities</b>	<b>\$ 742,781,120</b>	<b>\$ 2,227,955</b>	<b>\$ (89,321)</b>	<b>\$ 744,919,754</b>
<b>Net Assets</b>				
Invested in Capital Assets	\$ -	\$ 3,537,686	\$ -	\$ 3,537,686
Restricted for Single Family Bond Programs	54,070,371	-	-	54,070,371
Restricted for Section 8 Voucher Program	-	12,025,130	-	12,025,130
Unrestricted	-	31,855,638	-	31,855,638
<b>Total Net Assets</b>	<b>\$ 54,070,371</b>	<b>\$ 47,418,454</b>	<b>\$ -</b>	<b>\$ 101,488,825</b>

**OKLAHOMA HOUSING FINANCE AGENCY**  
**Supplemental Combining Statement of Revenues, Expenses And Changes in Fund Net Assets**  
**For the Year Ended September 30, 2008**

	<u>Single Family Bond Programs</u>	<u>Agency General Fund</u>	<u>Eliminations</u>	<u>Combined Totals</u>
<b>Operating Revenues</b>				
<b>Interest Income</b>				
Investments	\$ 44,479,204	\$ 1,047,457	\$ -	\$ 45,526,661
Program Loans	435,799	212,079	-	647,878
Net Increase (Decrease) in Fair Value of Investments	9,777,410	(20,049)	-	9,757,361
Fees and Other Income (Expense)	<u>174,248</u>	<u>12,591,414</u>	<u>(1,186,543)</u>	<u>11,579,119</u>
<b>Total Operating Revenues</b>	<u>\$ 54,866,661</u>	<u>\$ 13,830,901</u>	<u>\$ (1,186,543)</u>	<u>\$ 67,511,019</u>
<b>Operating Expenses</b>				
Interest	\$ 37,408,253	\$ -	\$ -	\$ 37,408,253
Mortgage Servicing Fees	3,071,611	-	-	3,071,611
Amortization of Deferred Finance Costs	421,906	-	-	421,906
Trustees, Issuer and Other Fees	1,314,538	-	(1,186,543)	127,995
Salaries and Related Expenses	-	7,480,002	-	7,480,002
Arbitrage Payment	59,727	-	-	59,727
Other General and Administrative	<u>7,629</u>	<u>2,671,407</u>	<u>-</u>	<u>2,679,036</u>
<b>Total Operating Expenses</b>	<u>\$ 42,283,664</u>	<u>\$ 10,151,409</u>	<u>\$ (1,186,543)</u>	<u>\$ 51,248,530</u>
<b>Operating Income</b>	<u>\$ 12,582,997</u>	<u>\$ 3,679,492</u>	<u>\$ -</u>	<u>\$ 16,262,489</u>
<b>Nonoperating Revenue (Expenses)</b>				
Federal Program Income	\$ -	\$ 118,727,392	\$ -	\$ 118,727,392
Federal Program Expense	-	(115,148,662)	-	(115,148,662)
Other	<u>-</u>	<u>(6,278)</u>	<u>-</u>	<u>(6,278)</u>
<b>Nonoperating Income</b>	<u>\$ -</u>	<u>\$ 3,572,452</u>	<u>\$ -</u>	<u>\$ 3,572,452</u>
<b>Net Income</b>	<u>\$ 12,582,997</u>	<u>\$ 7,251,944</u>	<u>\$ -</u>	<u>\$ 19,834,941</u>
<b>Total Net Assets, Beginning</b>	<u>41,487,374</u>	<u>40,166,510</u>	<u>-</u>	<u>81,653,884</u>
<b>Total Net Assets, Ending</b>	<u>\$ 54,070,371</u>	<u>\$ 47,418,454</u>	<u>\$ -</u>	<u>\$ 101,488,825</u>

**OKLAHOMA HOUSING FINANCE AGENCY**  
**Supplemental Combining Statement of Cash Flows**  
**For the Year Ended September 30, 2008**

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
<b>Cash Flows from Operating Activities</b>				
Receipts from Fees	\$ 892,497	\$ 13,914,168	\$ -	\$ 14,806,665
Receipts from Program Loan Payments	1,764,875	1,390,642	-	3,155,517
Receipts (Payments) from (to) Other Sources	-	678,306	-	678,306
Payments to Employees	-	(7,462,707)	-	(7,462,707)
Payments to Suppliers	-	(2,257,401)	-	(2,257,401)
Payments for Purchases of Program Loans	-	(860,705)	-	(860,705)
Payments for Bond Fees	(3,465,096)	-	-	(3,465,096)
Payments for Trustee and Other Fees	(1,314,538)	-	-	(1,314,538)
Payments for Other Expenses	(296,762)	-	-	(296,762)
	<u>\$ (2,419,024)</u>	<u>\$ 5,402,303</u>	<u>\$ -</u>	<u>\$ 2,983,279</u>
<b>Net Cash Provided (Used) by Operating Activities</b>				
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Fixed Assets	\$ -	\$ (261,619)	\$ -	\$ (261,619)
	<u>\$ -</u>	<u>\$ (261,619)</u>	<u>\$ -</u>	<u>\$ (261,619)</u>
<b>Net Cash Used By Capital and Related Financing Activities</b>				
<b>Cash Flows from Noncapital Financing Activities</b>				
Principal Paid on Bonds Payable	\$ (94,428,265)	\$ --	\$ --	\$ (94,428,265)
Interest Paid on Bonds Payable	(37,258,278)	--	--	(37,258,278)
Payment of Bond Issuance Costs	(1,821,632)	--	--	(1,821,632)
Proceeds from Issuance of Bonds	143,013,000	--	--	143,013,000
Receipt of Federal Program Income	--	118,579,813	--	118,579,813
Payment of Federal Program Expenses	--	(115,154,940)	--	(115,154,940)
	<u>\$ 9,504,825</u>	<u>\$ 3,424,873</u>	<u>\$ --</u>	<u>\$ 12,929,698</u>
<b>Net Cash Provided (Used) By Noncapital Financing Activities</b>				
<b>Cash Flows from Investing Activities</b>				
Purchase of Investments	\$ (341,039,996)	\$ (23,524,861)	\$ --	\$ (364,564,857)
Proceeds from Sales and Maturities of Investments	284,556,078	19,510,928	--	304,067,006
Interest Received on Investments	44,462,485	1,002,872	--	45,465,357
	<u>\$ (12,021,433)</u>	<u>\$ (3,011,061)</u>	<u>\$ --</u>	<u>\$ (15,032,494)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>				
Net Increase (Decrease) in Cash	\$ (4,935,632)	\$ 5,554,496	\$ --	\$ 618,864
Cash and Cash Equivalents at Beginning of Year	<u>24,715,779</u>	<u>21,358,624</u>	<u>--</u>	<u>46,074,403</u>
Cash and Cash Equivalents at End of Year	<u>\$ 19,780,147</u>	<u>\$ 26,913,120</u>	<u>\$ --</u>	<u>\$ 46,693,267</u>
<b>Cash as Reported on Balance Sheet</b>				
Unrestricted	\$ --	\$ 11,121,537	\$ --	\$ 11,121,537
Restricted	19,780,147	15,791,583	--	35,571,730
	<u>\$ 19,780,147</u>	<u>\$ 26,913,120</u>	<u>\$ --</u>	<u>\$ 46,693,267</u>

OKLAHOMA HOUSING FINANCE AGENCY  
Supplemental Combining Statement of Cash Flows  
For the Year Ended September 30, 2008

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	\$ 12,582,997	\$ 3,679,492	\$ --	\$ 16,262,489
Adjustments to Reconcile Operating Income to				
Net Cash Provided (Used) by Operating Activities				
Depreciation	--	438,906	--	438,906
Amortization of Fees and Deferred Finance Costs	421,906	--	--	421,906
Net Change in Fair Value of Investments	(9,777,410)	20,049	--	(9,757,361)
Loss on Sale of Equipment	--	6,334	--	6,334
Interest on Bonds and Notes Payable	37,408,254	--	--	37,408,254
Interest from Investments	(44,479,204)	(1,047,457)	--	(45,526,661)
Change in:				
Program Loans	1,329,076	529,938	--	1,859,014
Compensated Absences	--	24,468	--	24,468
Accounts Receivable	--	1,866,754	--	1,866,754
Prepaid Expenses	--	1,142	--	1,142
Accounts Payable	95,357	(87,737)	--	7,620
Deferred Revenue	--	(29,586)	--	(29,586)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,419,024)</u>	<u>\$ 5,402,303</u>	<u>\$ --</u>	<u>\$ 2,983,279</u>