

THE ALASKA COMMUNITY FOUNDATION

**Financial Statements
(With Independent Auditor's Report Thereon)**

Years Ended December 31, 2012 and 2011

*Altman, Rogers
& Co.* CERTIFIED
PUBLIC
ACCOUNTANTS

THE ALASKA COMMUNITY FOUNDATION

**Financial Statements
(With Independent Auditor's Report Thereon)**

Years Ended December 31, 2012 and 2011

The Alaska Community Foundation

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Independent Auditor's Report

Members of the Board of Directors
The Alaska Community Foundation
Anchorage, Alaska

Ladies and Gentlemen:

We have audited the accompanying financial statements of The Alaska Community Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and, for the year ended December 31, 2011, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members of the Board of Directors
The Alaska Community Foundation

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Alaska Community Foundation as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Altman, Rogers & Co.

Anchorage, Alaska
August 15, 2013

THE ALASKA COMMUNITY FOUNDATION

Statements of Financial Position

December 31, 2012 and 2011

ASSETS	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents:		
Unrestricted:		
Held for operations	\$ 718,668	744,057
Restricted:		
Held in trust for other organizations	122,255	266,742
Held for donor advised and other funds	<u>3,029,087</u>	<u>4,864,018</u>
Total cash and cash equivalents	<u>3,870,010</u>	<u>5,874,817</u>
Grants receivable (note I.F)	190,117	-
Pledges receivable:		
Unrestricted	-	1,000
Prepaid expenses	<u>38,789</u>	<u>36,961</u>
Total current assets	<u>4,098,916</u>	<u>5,912,778</u>
Non-current assets:		
Investments:		
Unrestricted:		
Held for operations	-	258,407
Restricted:		
Investments	8,209,189	7,786,053
Held in trust for other organizations	6,614,340	5,978,815
Held for donor advised and other funds	<u>41,727,070</u>	<u>35,795,688</u>
Total investments (note III)	<u>56,550,599</u>	<u>49,818,963</u>
Capital assets - net of accumulated depreciation of \$63,371 for 2012 and \$52,194 for 2011 (note IV)	<u>92,774</u>	<u>10,488</u>
Total assets	<u>\$ 60,742,289</u>	<u>55,742,229</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	127,150	60,567
Accrued payroll liabilities	46,317	30,171
Grants payable	<u>950,882</u>	<u>637,153</u>
Total current liabilities	<u>1,124,349</u>	<u>727,891</u>
Funds held for other organizations (note I.I)	<u>6,736,595</u>	<u>6,245,557</u>
Total liabilities	<u>7,860,944</u>	<u>6,973,448</u>
Net assets:		
Unrestricted:		
Undesignated	42,585,604	39,329,050
Invested in property and equipment	92,774	10,488
Total unrestricted	<u>42,678,378</u>	<u>39,339,538</u>
Temporarily restricted (note VI)	<u>10,202,967</u>	<u>9,429,243</u>
Total net assets	<u>\$ 60,742,289</u>	<u>55,742,229</u>

See accompanying notes to financial statements.

THE ALASKA COMMUNITY FOUNDATION

Statements of Activities

Years Ended December 31, 2012 and 2011

UNRESTRICTED NET ASSETS	2012	2011
Operating activities:		
Public support:		
Contributions	\$ 836,942	500,000
Contributions-donor advised and other funds	4,900,883	13,112,341
Total public support	5,737,825	13,612,341
Revenue:		
Fund administration fees	563,795	489,976
Lease and other income	29,892	69,726
In-kind revenue	70,417	1,961
Total revenue	664,104	561,663
Total public support and revenue	6,401,929	14,174,004
Expenses:		
Program services:		
Grant programs	5,892,846	6,008,077
Projects	534,854	837,291
Supporting services:		
Management and general	1,391,189	1,341,105
Fundraising	61,124	39,074
	7,880,013	8,225,547
Increase (decrease) in net assets from operating activities	(1,478,084)	5,948,457
Nonoperating activities:		
Unrealized gains (losses)	3,086,108	(1,238,173)
Unrealized gains (losses)-funds held for others	(491,038)	(1,334,731)
Investment gains	1,051,643	673,298
Interest and dividends	1,170,211	913,549
Total non-operating activities	4,816,924	(986,057)
Change in unrestricted net assets	3,338,840	4,962,400
Change in temporarily restricted net assets:		
Contributions - donor advised and other funds	773,724	1,510,083
Unrealized gains	-	802,390
Change in temporarily restricted net assets	773,724	2,312,473
CHANGE IN NET ASSETS	4,112,564	7,274,873
NET ASSETS, beginning of year	48,768,781	41,493,908
NET ASSETS, end of year	\$ 52,881,345	48,768,781

See accompanying notes to financial statements.

THE ALASKA COMMUNITY FOUNDATION

Statements of Functional Expenses

Years Ended December 31, 2012 and 2011

	2012					Total Program and Supporting Services
	Program Services			Supporting Services		
	Grant Programs	Projects	Total Program Services	Management and General	Fundraising	
Wages and benefits	\$ -	-	-	677,191	43,549	720,740
Contracts	-	71,400	71,400	191,682	-	263,082
Investment fees	730,569	11,575	742,144	6,020	6	748,170
Insurance	-	10,611	10,611	7,146	-	17,757
Telephone	-	-	-	14,503	-	14,503
Postage	-	-	-	4,271	469	4,740
Communications and marketing	-	212,376	212,376	85,620	11,976	309,972
Travel and conference	-	4,695	4,695	71,587	2,542	78,824
Grants/awards	5,162,277	219,109	5,381,386	181,000	-	5,562,386
Special events	-	320	320	-	2,549	2,869
Facility	-	-	-	87,522	-	87,522
Supplies	-	4,649	4,649	13,008	33	17,690
Equipment	-	-	-	25,486	-	25,486
Other	-	119	119	14,976	-	15,095
Depreciation	-	-	-	11,177	-	11,177
Total operating expenses	\$ 5,892,846	534,854	6,427,700	1,391,169	61,124	7,880,013

	2011					Total Program and Supporting Services
	Program Services			Supporting Services		
	Grant Programs	Projects	Total Program Services	Management and General	Fundraising	
Wages and benefits	\$ -	-	-	545,618	3,068	548,686
Contracts	-	101,478	101,478	199,490	1,200	302,168
Investment fees	679,218	20,557	699,775	2,466	3	702,244
Insurance	-	-	-	6,238	-	6,238
Telephone	-	-	-	14,337	-	14,337
Postage	-	-	-	3,856	-	3,856
Communications and marketing	-	252,840	252,840	114,700	585	368,125
Travel and conference	-	8,302	8,302	44,930	3,000	56,232
Grants/awards	5,323,400	440,481	5,763,881	275,000	-	6,038,881
Special events	-	-	-	-	30,628	30,628
Facility	-	-	-	65,819	57	65,876
Supplies	-	199	199	8,958	533	9,690
Equipment	-	12,834	12,834	15,357	-	28,191
Other	5,459	600	6,059	32,696	-	38,755
Depreciation	-	-	-	11,640	-	11,640
Total operating expenses	\$ 6,008,077	837,291	6,845,368	1,341,105	39,074	8,225,547

See accompanying notes to financial statements.

THE ALASKA COMMUNITY FOUNDATION

Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows provided (used) by operating activities:		
Change in net assets	\$ 4,112,564	7,274,873
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,177	11,640
Unrealized (gain) loss on investments	(3,086,108)	435,783
Realized (gain) loss on investments	(1,051,643)	(673,298)
(Increase) decrease in assets:		
Accounts receivable	(190,117)	40,484
Pledges receivable	1,000	2,534,195
Prepaid expenses	(1,828)	(16,972)
Increase (decrease) in liabilities:		
Accounts payable	66,583	41,606
Accrued payroll liabilities	16,146	12,694
Grants payable	313,729	245,601
Funds held for others	491,038	1,334,072
	<hr/>	<hr/>
Net cash provided by operating activities	682,541	11,240,678
Cash flows used by investing activities:		
(Purchase) of investments	(3,074,054)	(23,859,687)
Proceeds from sales of investments	480,169	14,657,408
(Purchase) of equipment	(93,463)	-
Net cash provided (used) by investing activities	<hr/> (2,687,348) <hr/>	<hr/> (9,202,279) <hr/>
Net increase (decrease) in cash and cash equivalents	(2,004,807)	2,038,399
Cash and cash equivalents, beginning of year	<hr/> 5,874,817 <hr/>	<hr/> 3,836,418 <hr/>
Cash and cash equivalents, end of year	\$ <hr/> <u>3,870,010</u> <hr/>	<hr/> <u>5,874,817</u> <hr/>

See accompanying notes to financial statements.

THE ALASKA COMMUNITY FOUNDATION

Notes to Financial Statements

December 31, 2012 and 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Operations

The Alaska Community Foundation (the Foundation) was incorporated as a nonprofit organization in the State of Alaska in 1995. Our primary purpose as a community foundation is to encourage philanthropy and strengthen communities across Alaska. The Foundation's mission is: *To cultivate, celebrate and sustain all forms of philanthropy to strengthen Alaska's communities forever. Together with our Affiliates, we connect people who care with causes that matter by encouraging and nurturing philanthropy through building and managing permanent endowments, convening stakeholders and working with partners to strengthen Alaskan communities, and providing donors with grant options that are strategic to their philanthropic objectives.*

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-205 *"Not-for-Profit Entities: Presentation of Financial Statements"*. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets (equity): unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets represent that portion of net assets of the Foundation that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent that portion of net assets of the Foundation whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Foundation. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets represent that portion of net assets of the Foundation that have been restricted by donors to be maintained by the Foundation in perpetuity.

C. Basis of Accounting

The Foundation's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recognized when earned. Liabilities and expenses are recorded when incurred.

THE ALASKA COMMUNITY FOUNDATION

Notes to Financial Statements, Continued

The Foundation follows Generally Accepted Accounting Principles (GAAP), when preparing financial statements and accounting for contributions received and contributions made. GAAP establishes standards for general purpose external financial statements.

It requires that those financial statements provide certain basic information that focuses on the entity as a whole and meets the common needs of external users of those statements.

Under GAAP, contributions and pledges are recorded in the period received in the appropriate class of net assets based upon any donor-imposed stipulations.

D. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Foundation considers highly liquid investments with original maturities of three months or less to be cash equivalents.

E. Investments

Investments in marketable securities are reported at fair value in the Statements of Financial Position. Unrealized gains and losses and interest earned on investments are recorded as unrestricted or temporarily restricted investment earnings. All investment earnings are recorded in the Statements of Activities.

F. Accounts and Grants Receivable

Accounts receivable are recorded on the accrual basis when the goods and services are billed and are considered delinquent or uncollectible on a case-by-case basis by management. The Foundation records an allowance for doubtful accounts for the estimated uncollectible portion of the accounts receivable. This estimate is based on management's historical collection experience and a review of current accounts receivable. Management deems all receivables fully collectible, therefore no allowance has been established at December 31, 2012 and 2011. Receivables are charged off when all collection efforts have been exhausted.

G. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the year end are recorded as prepaid expenses.

H. Capital Assets

Capital assets are stated at cost or estimated fair value if donated. Expenses for maintenance and repairs are charged to expense as incurred, and expenses for major renovations are capitalized. All expenses for capital assets in excess of \$5,000 are capitalized. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis of 3-7 years.

THE ALASKA COMMUNITY FOUNDATION

Notes to Financial Statements, Continued

I. Funds Held In Trust for Other Organizations (Agency Endowments)

Assets received from an organization that names itself or its affiliate as the beneficiary of the funds the Foundation records as liabilities rather than as contributions, even if variance power is explicitly stated in the gift agreement. Assets received and net investment earnings are recorded as increases to agency endowment liabilities; fund distributions and fees are recorded as decreases to liabilities.

J. Funds Held as Donor Advised and Other Funds

Assets and contributions paid directly to the Foundation for a charitable endowment specified by the donor are considered to be unrestricted contributions to the Foundation if the donor has entered into an agreement that grants the Foundation variance power. Assets held are reported as restricted cash or restricted investments and unrestricted/undesignated net assets.

The Foundation also maintains funds for which the donor has no expectation of giving advice once the gift is given. Those include scholarships, field of interest funds, designated funds, project funds, operating funds, and unrestricted funds.

Temporarily restricted contributions to the Foundation are held as such until the restrictions are met and the net assets are released from restrictions.

K. Fair Value of Financial Instruments

The Foundation discloses its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) investments, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts reported in the Statements of Financial Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities except for the Foundation's investments. The carrying amounts of the Foundation's investments were determined based on quoted market prices.

L. Compensated Absences

Annual leave is accrued as earned and recorded as an expense in the period earned.

THE ALASKA COMMUNITY FOUNDATION

Notes to Financial Statements, Continued

M. Support and Revenue

Fund Administration Fees: Fees for services include charges to the individual funds for administration and managing the investments. Fees are recognized at the time the services are provided by the Foundation.

Contributions: Unconditional promises to give cash and other assets to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at the fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Public Support: Contributions reported on the Statements of Activities include grants and other contributions from corporations, foundations and individuals, as well as grants from the State of Alaska.

N. Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Actual results could differ from those estimates.

P. In-kind Contributions

Donated services are recognized as contributions in accordance with FASB ASC 958, Accounting for Contributions Received and Contributions Made, if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. In-kind contributions for space, supplies, and professional services are recorded in the statement of activities at market value and recognized as revenue and expenses in the period they are received, except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

THE ALASKA COMMUNITY FOUNDATION

Notes to Financial Statements, Continued

Q. Income Tax Status

The Foundation is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Foundation is exempt from State income taxes under the Alaska Nonprofit Corporation Act. Therefore, the accompanying statements do not reflect a provision for income taxes. Although the Foundation is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing U.S. Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Foundation classifies all interest and penalties related to tax contingencies as income tax expense. As of December 31, 2012 and 2011 there were no uncertain tax positions, or unrecognized tax benefits for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase or decrease within 12 months of the reporting date. The Foundation files tax returns in the US Federal Jurisdiction and the State of Alaska. As of 2012, the tax years that remain subject to examination begins in 2009.

R. Principles of Consolidation

The financial statements include the accounts of the Foundation and its wholly owned subsidiary, ACF Properties 1, LLC, which was funded to receive contributions of real estate. There were no inter-company transactions requiring elimination prior to presentation in these financial statements. ACF Properties 1, LLC is currently inactive and has no assets or liabilities as of 2012 or 2011.

II. CASH AND CASH EQUIVALENTS

The Alaska Community Foundation maintains cash balances at several financial institutions located in Anchorage, Alaska. From January 1, 2011 through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account and the ownership capacity of the funds. This coverage is available to all depositors, including consumers, businesses, and government entities. The unlimited coverage is separate from, and in addition to, the insurance coverage provided for a depositor's other accounts held at an FDIC-insured bank. Uninsured and uncollateralized amounts were \$2,587,961 and \$5,101,424 respectively at December 31, 2012 and 2011.

III. FAIR VALUE MEASUREMENTS/INVESTMENTS

Included in investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or for certain bonds and preferred stock when carried at the lower of cost or market.

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Fair values are based on quoted market prices when available.

THE ALASKA COMMUNITY FOUNDATION

Notes to Financial Statements, Continued

The Foundation's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Foundation's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following table provides information as of December 31, 2012 and 2011 about the Foundation's financial assets and liabilities measured at fair value on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2012</u>				
Assets:				
Common stock	\$ 29,834,316	-	-	29,834,316
U.S. Agency Funds	4,918,634	-	-	4,918,634
Corporate bonds	-	9,217,864	-	9,217,864
Asset-back securities	4,343,567	-	-	4,343,567
Closely held stock	-	-	8,236,218	8,236,218
Total	\$ <u>39,096,517</u>	<u>9,217,864</u>	<u>8,236,218</u>	<u>56,550,599</u>
<u>2011</u>				
Assets:				
Common stock	\$ 25,038,486	-	-	25,038,486
Publicly traded				
mutual funds	3,981,242	-	-	3,981,242
U.S. Agency Funds	3,040,632	-	-	3,040,632
Corporate bonds	-	6,286,289	-	6,286,289
Asset-back securities	3,686,261	-	-	3,686,261
Closely held stock	-	-	7,786,053	7,786,053
Total	\$ <u>35,746,621</u>	<u>6,286,289</u>	<u>7,786,053</u>	<u>49,818,963</u>

THE ALASKA COMMUNITY FOUNDATION

Notes to Financial Statements, Continued

Reconciliations of assets and liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) for the year ending December 31, 2012 and 2011 are as follows:

	Closely held <u>Stock</u>
Balance at December 31, 2010	\$ <u>7,116,770</u>
Change in value due to appraisal/redemption	669,283
Balance at December 31, 2011	\$ <u>7,786,053</u>
Change in value due to appraisal/redemption	450,165
Balance at December 31, 2012	\$ <u>8,236,218</u>

IV. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at December 31:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 120,144	26,681
Software	<u>36,001</u>	<u>36,001</u>
Total property and equipment	156,145	62,682
Accumulated depreciation	<u>(63,371)</u>	<u>(52,194)</u>
	\$ <u>92,774</u>	<u>10,488</u>

Depreciation expense was \$11,178 and \$11,640 for the years ended December 31, 2012 and 2011, respectively.

V. DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Grant Programs:

Funds expended from the holdings of endowed or non-endowed charitable funds for the sole purpose of making grants to 501 (c)(3) charitable organizations in perpetuity or otherwise.

Projects:

Funds expended by the Foundation when it serves as the fiscal sponsor for a partner entity that is not a 501 (c)(3) organization to enable a charitable project to move forward for the community.

Management and General:

Funds expended for the administration and general operations of the Foundation.

Fundraising

Funds expended to solicit donations or contributions to the Foundation.

THE ALASKA COMMUNITY FOUNDATION

Notes to Financial Statements, Continued

VI. TEMPORARILY RESTRICTED NET ASSETS

Restricted net assets consist of the following at December 31:

	<u>2012</u>	<u>2011</u>
Family Donor Advised Fund	\$ 8,596,267	7,919,160
Wrangell Scholarship Fund	667,750	599,968
Sitka Scholarship Fund	670,172	599,968
Thorpe Scholarship Fund	<u>268,778</u>	<u>310,147</u>
Total	<u>\$10,202,967</u>	<u>9,429,243</u>

VII. LEASES

The Alaska Community Foundation entered into a lease that was executed November 1, 2012 and terminating on October 21, 2022. During 2012, The Alaska Community Foundation's lease provided for month to month occupancy. The lease ended on December 31, 2012 and was replaced by the lease that was executed November 1, 2012. Terms of the agreement provide for monthly payments of \$1.48 per square foot, or \$9,215.96 for space and utilities for the first year and increases by 3% per year. Rent expense for office space was \$67,032 and \$58,140 for the years ended December 31, 2012 and 2011, respectively.

VIII. RELATED PARTIES

The Foundation utilizes the services of the Nerland Agency to promote The State of Alaska Pick Click Give campaign, for which The Alaska Community Foundation is the fiscal sponsor. An owner of the Nerland Agency is also a member of the Board of Directors of The Alaska Community Foundation. Total services provided to The Alaska Community Foundation by the Nerland Agency totaled \$213,599 and \$224,504 for the years ended December 31, 2012 and 2011, respectively.

IX. CONTINGENCIES

Amounts received or receivable from grantors are subject to audit and adjustment. Any disallowed claims, including amounts already collected, would become a liability of the Foundation. However, management believes that such claims, if any, would not be significant.

X. PENSION PLAN

The Alaska Community Foundation implemented a Simple IRA benefit plan, which covers full-time employees working at least 6 months. Under the Plan, the Foundation provides an employer matching contribution of up to 6% of the employee's gross wages. Contributions under the Plan totaled \$28,781 and \$19,652 for the years ended 2012 and 2011, respectively.

THE ALASKA COMMUNITY FOUNDATION

Notes to Financial Statements, Continued

XI. SUBSEQUENT EVENTS

Management has evaluated the existence of subsequent events through August 15, 2013, the date which the financial statements were available for issue. No items were deemed necessary for disclosure.

XII. SOURCE OF CONTRIBUTIONS

The source of public support including net assets released from restrictions for the years ended December 31, 2012 and 2011 were:

	Balance	Received	Released to	Balance	Temporarily	Unrestricted	Total
	1/1/2012		Unrestricted	12/31/2012	Restricted	Received	Grants and
					Released		Support
Operating support:							
Contributions	\$ -	-	-	-	-	836,942	836,942
Contributions -							
Donor advised and Other	9,429,243	773,724	-	10,202,967	-	4,900,883	4,900,883
Total support	\$ 9,429,243	773,724	-	10,202,967	-	5,737,825	5,737,825
				2011			
				<u>Temporarily Restricted Grants and Support</u>		<u>Unrestricted Grants and Support</u>	
	Balance	Received	Released to	Balance	Temporarily	Unrestricted	Total
	1/1/2011		Unrestricted	12/31/2011	Restricted	Received	Grants and
					Released		Support
Operating support:							
Contributions	\$ -	-	-	-	-	500,000	500,000
Contributions -							
Donor advised and Other	7,116,770	2,312,473	-	9,429,243	-	13,112,341	13,112,341
Total support	\$ 7,116,770	2,312,473	-	9,429,243	-	13,612,341	13,612,341