The Alaska Community Foundation and Affiliate

Consolidated Financial Statements and Federal Single Audit Reports
Years Ended December 31, 2025 and 2024
(With Independent Auditor's Report Thereon)

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

The Alaska Community Foundation and Affiliate

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Contents

	Page
Independent Auditor's Report	1-3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	6
Consolidated Statements of Activities	7-10
Consolidated Statements of Functional Expenses	11-12
Consolidated Statements of Cash Flows	13
Notes to Consolidated Financial Statements	14-28
Federal Single Audit Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	30-31
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	32-34
Schedule of Expenditures of Federal Awards	35
Notes to the Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37-38

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Alaska Community Foundation and Affiliate (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2026 on our consideration of the Foundation'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 solely 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 effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
August 25, 2026

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Consolidated Financial Statements

The Alaska Community Foundation and Affiliate

Consolidated Statements of Financial Position

December 31,	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 28,293,676	$ 21,422,726
Pledges receivable (net)	771,879	-
Accounts receivable	2,425,984	612,127
Prepaid expenses	163,255	175,345
Total Current Assets	31,654,794	22,210,198
Noncurrent Assets		
Investments	237,080,592	208,200,917
Property and equipment, net	12,832,334	13,019,922
Operating lease right-of-use asset	340,450	376,573
Land - held for resale	79,282	78,786
Investment in beneficial interest	8,645,004	8,596,295
Total Noncurrent Assets	258,977,662	230,272,493
Total Assets	$ 290,632,456	$ 252,482,691
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 2,277,789	$ 168,342
Accrued payroll liabilities	100,125	63,407
Refundable advance	3,668,354	2,007,116
Grants payable	1,201,865	887,785
Obligation under operating lease, current portion	185,799	128,515
Total Current Liabilities	7,433,932	3,255,165
Funds held for other organizations	29,623,375	25,532,053
Obligation under operating lease, long term portion	163,445	257,075
Total Liabilities	37,220,752	29,044,293
Net Assets		
Without donor restrictions	217,567,188	190,211,314
With donor restrictions	35,844,516	33,227,084
Total Net Assets	253,411,704	223,438,398
Total Liabilities and Net Assets	$ 290,632,456	$ 252,482,691

See accompanying notes to consolidated financial statements.

The Alaska Community Foundation and Affiliate

Consolidated Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Support:			
Contributions and bequests	$ 20,628,550	$ 7,915,811	$ 28,544,361
Grants	948,670	11,876,749	12,825,419
Less amounts raised or received on behalf of others	(1,889,656)	-	(1,889,656)
Net contributions and bequests raised	19,687,564	19,792,560	39,480,124
Other revenue:			
Administrative fee revenue	22,500	223,564	246,064
Other revenue	8,004	2,565,068	2,573,072
Foundation administrative fees charged to funds held for others	252,450	-	252,450
Investment income, net of expenses	27,005,932	1,671,363	28,677,295
Other revenue before allocation of investment income	27,288,886	4,459,995	31,748,881
Investment income allocated to funds held for others, net of expenses	(3,242,159)	-	(3,242,159)
Net other revenue	24,046,727	4,459,995	28,506,722
Net assets released from restrictions	5,370,722	(5,370,722)	-
Total support and revenue and net assets released from restrictions	49,105,013	18,881,833	67,986,846

The Alaska Community Foundation and Affiliate

Consolidated Statement of Activities, continued

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:			
Program services:			
Total grants and philanthropic distributions	13,590,129	16,264,401	29,854,530
Restricted programs and projects	4,584,114	-	4,584,114
Total program service	18,174,243	16,264,401	34,438,644
Support services:			
Management and general administrative	2,725,883	-	2,725,883
Development and fundraising	849,013	-	849,013
Total support service	3,574,896	-	3,574,896
Total expenses	21,749,139	16,264,401	38,013,540
Change in net assets	27,355,874	2,617,432	29,973,306
Net assets at beginning of year	190,211,314	33,227,084	223,438,398
Net assets at end of year	$ 217,567,188	$ 35,844,516	$ 253,411,704

See accompanying notes to consolidated financial statements.

The Alaska Community Foundation and Affiliate

Consolidated Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Support:			
Contributions and bequests	$ 23,988,011	$ 1,035,543	$ 25,023,554
Contribution revenue from beneficial interest	-	8,084,000	8,084,000
Grants	729,210	3,804,630	4,533,840
Less amounts raised or received on behalf of others	(1,290,468)	-	(1,290,468)
Net contributions and bequests raised	23,426,753	12,924,173	36,350,926
Other revenue:			
Administrative fee revenue	-	241,872	241,872
Other revenue	8,370	2,668,794	2,677,164
Foundation administrative fees charged to funds held for others	229,693	-	229,693
Investment income, net of expenses	22,174,496	1,618,167	23,792,663
Other revenue before allocation of investment income	22,412,559	4,528,833	26,941,392
Investment income allocated to funds held for others, net of expenses	(2,766,634)	-	(2,766,634)
Net other revenue	19,645,925	4,528,833	24,174,758
Net assets released from restrictions	8,455,948	(8,455,948)	-
Total support and revenue and net assets released from restrictions	51,528,626	8,997,058	60,525,684

The Alaska Community Foundation and Affiliate

Consolidated Statement of Activities, continued
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:			
Program services:			
Total grants and philanthropic distributions	15,625,577	-	15,625,577
Restricted programs and projects	4,942,856	-	4,942,856
Total program service	20,568,433	-	20,568,433
Support services:			
Management and general administrative	1,941,697	-	1,941,697
Development and fundraising	720,479	-	720,479
Total support service	2,662,176	-	2,662,176
Total expenses	23,230,609	-	23,230,609
Change in net assets	28,298,017	8,997,058	37,295,075
Net assets at beginning of year	161,913,297	24,230,026	186,143,323
Net assets at end of year	$ 190,211,314	$ 33,227,084	$ 223,438,398

See accompanying notes to consolidated financial statements.

The Alaska Community Foundation and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services			Supporting Services			Total Program and Supporting Services
	Philanthropic Funds	Restricted Programs and Projects	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and philanthropic distributions	$ 14,378,172	$ 16,264,401	$ 30,642,573	$ 52,215	$ 500	$ 52,715	$ 30,695,288
Program distributions expense	-	2,434,512	2,434,512	-	-	-	2,434,512
Foundation administrative fees	2,934,963	786,611	3,721,574	-	-	-	3,721,574
Wages and benefits	-	826,471	826,471	1,566,034	616,327	2,182,361	3,008,832
Contracts	-	741,256	741,256	431,811	51,638	483,449	1,224,705
Facility	-	32,289	32,289	93,594	32,966	126,560	158,849
Depreciation	-	197,958	197,958	34,675	1,739	36,414	234,372
Supplies	-	20,962	20,962	42,620	13,857	56,477	77,439
Travel and conference	-	73,641	73,641	102,946	11,237	114,183	187,824
Communications and marketing	-	7,036	7,036	250,359	43,361	293,720	300,756
Telephone and internet	-	8,167	8,167	3,294	943	4,237	12,404
Equipment and maintenance	-	212,489	212,489	14,443	1,335	15,778	228,267
Special events	-	5,791	5,791	103,920	60,888	164,808	170,599
Insurance	-	19,269	19,269	5,483	2,752	8,235	27,504
Postage	-	1,525	1,525	14,081	8,020	22,101	23,626
Other	-	2,748	2,748	10,408	3,450	13,858	16,606
Total operating expenses	17,313,135	21,635,126	38,948,261	2,725,883	849,013	3,574,896	42,523,157
Less foundation administrative fees	(2,934,963)	(786,611)	(3,721,574)	-	-	-	(3,721,574)
Less amounts distributed on behalf of others	(788,043)	-	(788,043)	-	-	-	(788,043)
Total Functional Expenses	$ 13,590,129	$ 20,848,515	$ 34,438,644	$ 2,725,883	$ 849,013	$ 3,574,896	$ 38,013,540

See accompanying notes to consolidated financial statements.

The Alaska Community Foundation and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services			Supporting Services			Total Program and Supporting Services
	Philanthropic Funds	Restricted Programs and Projects	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and philanthropic distributions	$ 14,928,420	$ 3,276,999	$ 18,205,419	$ 31,420	$ 4,500	$ 35,920	$ 18,241,339
Program distributions expense	-	2,580,779	2,580,779	-	-	-	2,580,779
Foundation administrative fees	2,577,293	236,097	2,813,390	-	-	-	2,813,390
Wages and benefits	-	705,115	705,115	1,226,457	564,072	1,790,529	2,495,644
Contracts	-	1,119,744	1,119,744	283,684	52,415	336,099	1,455,843
Facility	-	25,303	25,303	87,783	28,912	116,695	141,998
Depreciation	-	195,356	195,356	30,317	1,516	31,833	227,189
Supplies	-	10,806	10,806	32,649	14,423	47,072	57,878
Travel and conference	-	61,915	61,915	79,152	7,546	86,698	148,613
Communications and marketing	-	29,366	29,366	40,373	14,097	54,470	83,836
Telephone and internet	-	3,659	3,659	4,811	1,645	6,456	10,115
Equipment and maintenance	-	185,243	185,243	7,451	1,223	8,674	193,917
Special events	-	5,865	5,865	69,259	23,974	93,233	99,098
Insurance	-	15,640	15,640	6,542	2,317	8,859	24,499
Postage	-	901	901	12,858	992	13,850	14,751
Other	-	3,164	3,164	28,941	2,847	31,788	34,952
Total operating expenses	17,505,713	8,455,952	25,961,665	1,941,697	720,479	2,662,176	28,623,841
Less foundation administrative fees	(2,577,293)	(236,097)	(2,813,390)	-	-	-	(2,813,390)
Less amounts distributed on behalf of others	(2,579,842)	-	(2,579,842)	-	-	-	(2,579,842)
Total Functional Expenses	$ 12,348,578	$ 8,219,855	$ 20,568,433	$ 1,941,697	$ 720,479	$ 2,662,176	$ 23,230,609

See accompanying notes to consolidated financial statements.

The Alaska Community Foundation and Affiliate

Consolidated Statements of Cash Flows

Years Ended December 31,	2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ 29,973,306	$ 37,295,075
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	234,372	227,189
Noncash rent expense	36,123	122,970
Increase in beneficial interest	(48,709)	(8,596,295)
Unrealized loss (gain) on investments, net	(22,107,074)	(17,219,518)
Realized loss (gain) on investments, net	142,936	(943,765)
Interest and dividends	(7,206,478)	(5,463,917)
(Increase) decrease in assets:		
Pledges receivable	(771,879)	-
Accounts receivable	(1,813,857)	(79,163)
Prepaid expenses	12,090	(21,953)
Increase (decrease) in liabilities:		
Accounts payable	2,109,447	(38,382)
Accrued payroll liabilities	36,718	1,701
Refundable advance	1,661,238	346,599
Grants payable	314,080	55,598
Operating lease liability	(36,346)	(120,692)
Land - held for resale	496	(342)
Funds held for other organizations	4,091,322	1,247,566
Net cash from operating activities	6,627,785	6,812,671
Cash Flows for Investing Activities		
Purchase of property and equipment	(46,784)	(35,410)
Purchase of investments	(4,744,156)	(9,309,257)
Proceeds from sales of investments	5,034,105	145,113
Net cash from (for) investing activities	243,165	(9,199,554)
Net Increase (Decrease) in Cash and Cash Equivalents	6,870,950	(2,386,883)
Cash and Cash Equivalents, beginning of year	21,422,726	23,809,609
Cash and Cash Equivalents, end of year	28,293,676	$ 21,422,726

See accompanying notes to consolidated financial statements.

1. Operations and Summary of Significant Accounting Policies

Operations

The Alaska Community Foundation and Affiliate (ACF or the Foundation) was incorporated as a nonprofit organization in the State of Alaska in 1995. The primary purpose of a community foundation is to encourage philanthropy and strengthen communities. The Foundation's mission is: Inspiring the spirit of giving and connecting people, organizations and causes to strengthen Alaska's communities now and forever.

The Foundation receives a wide variety of gifts and, per the Foundation's gift acceptance policy, will bring all gifts into alignment with the investment policy in a prudent and timely manner.

Basis of Presentation

In accordance with the *Not-for-Profit Entities* Topic 958 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), the Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

- Net assets without donor restrictions represent funds available for grants and expenses which are not otherwise limited by donor restrictions.
- Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time.

Without Donor Restrictions

Without Donor Restrictions is defined as that portion of net assets that has no use or time restriction. The by-laws of the Foundation include a variance provision giving the Board the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgement of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on that provision, the Foundation classifies contributions, except as noted below, as without donor restrictions for financial statement presentation.

With Donor Restrictions

With Donor Restrictions is defined as that portion of net assets that consist of a restriction on the specified use or the occurrence of a certain future event. Contributions unconditionally promised, including irrevocable planned gifts, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as with donor restriction until the funds are received, and are discounted at a rate commensurate with the risks involved. Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes are classified as with donor restrictions. The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as with donor restriction until appropriated for use based on the Foundation's spending policy. The Foundation also receives grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply. Such grants and contributions are recorded as with donor restrictions until the purpose restrictions are met. When the purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restrictions net assets and reported as net assets released from restrictions.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiaries, ACF Properties LLC, and ACF Properties B, LLC, which were funded to receive contributions of real estate. All material intra-entity transactions have been eliminated.

Basis of Accounting

For purposes of the statement of cash flows, the Foundation considers all unrestricted liquid investments with an initial maturity of three months or less to be cash equivalents.

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

It requires that those consolidated 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.

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.

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 donor-restricted or without donor restricted investment earnings. All investment earnings are recorded in the Statements of Activities.

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 credit losses 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, 2025 and 2024. Receivables are charged off when all collection efforts have been exhausted.

Prepaid Expenses

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

Property and Equipment

Property and equipment 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 property and equipment in excess of $5,000 are capitalized. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis of 3-40 years.

Funds

Contributions and assets received by the Foundation are placed in a variety of fund types within the Foundation. These funds will be utilized to further the charitable mission of the Foundation, the donor, or the fund's purpose depending upon the fund type. These funds may be long-term in nature, wherein the Foundation will preserve the principal (original gifts) and allow the responsible spending of a portion of the earnings in the fund, or they may be shorter-term in nature wherein the Foundation will allow spending of the gifts and earnings within the fund. The Foundation's fund agreements include various provisions regarding the type of fund, any restrictions, and a variance provision giving the Board the power to modify the fund.

Types of funds:

- Donor-Advised Funds (DAFs):
  - Funds where the donor retains advisory privileges regarding grant recommendations.

- Designated Funds:
  - Donors designate one or more specific charities to receive ongoing support which cannot be changed once the fund is created. Provides funding to the named nonprofit(s), managed by the Foundation.

- Field-of-Interest Funds:
  - Supports a broad area of interest (e.g., education, arts, environment). Grants awarded within the scope defined by the fund's creation, managed by the Foundation.

- Scholarship Funds:
  - Used to provide educational scholarships to individuals. May involve an external selection committee following the fund's eligibility criteria, managed by the Foundation.

- Unrestricted Funds or Foundation Funds:
  - Not restricted by donors; used at the discretion of the foundation's board/staff, including operating funds. Allows flexible response to emerging community needs.

- Agency Funds (Nonprofit Organizational Funds):
  - Funds held on behalf of nonprofit organizations. 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.

- Project Funds:
  - Established to support specific, time-bound charitable initiatives, often in partnership with individuals, groups or communities. These funds are typically

restricted in nature and are used to carry out defined programs that align with the Foundation's mission.

- Restricted/Grant Funds:
    - Established through the receipt of grants from public or private foundations, government agencies, or other donors that are subject to donor-imposed restrictions. These restrictions may relate to the purpose (used for a specific program, project or charitable activity), time (expended over a certain period), or may require certain oversight or compliance reporting. These funds will be recognized and classified as "with donor restrictions."

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 consolidated 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 when available.

Included in investment related line items in the consolidated 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 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 methods 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.

Compensated Absences

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

Leases

The Foundation has operating leases for office facilities. The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. If the arrangement is a lease, the Foundation determines whether the lease should be classified as an operating or a finance lease. The Foundation recognizes a right-of-use ("ROU") asset and a lease liability based on the present value of the future minimum lease payments over the lease term at the commencement date.

ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the liability to make lease payments arising from the lease. ROU assets and lease liabilities are generally recognized at the commencement date based on the present value of discounted lease payments over the lease term. As the Foundation's leases do not provide an implicit rate, the Foundation uses the risk-free rate based on the information available at the commencement date in determining the present value of discounted lease payments.

Support and Revenue

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"), revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Foundation expects to be entitled to receive in exchange for those goods and services.

In addition, contributions received are accounted for in accordance with FASB ASC Topic 958-605, Not-for-Profit Entities—Revenue Recognition ("ASC 958-605"), which requires contributions to be recognized as revenue when they are received or unconditionally promised, and classified as either with or without donor restrictions depending on the existence and nature of any donor-imposed stipulations.

Revenues from exchange transactions are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred.

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 on a monthly or quarterly basis.

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 condition is met. The gifts are reported as with donor restrictions 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, with donor restriction net assets are reclassified as without donor restriction 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 without donor restricted contributions in the accompanying consolidated financial statements.

Grants: 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.

Investment Income: Investment income reported on the statements of activities includes interest, dividends, and realized and unrealized gains and losses on investments.

Other Income: Other revenue reported on the statements of activities consists primarily of Pick.Click.Give. donations. Pick.Click.Give. is a program that allows Alaskans filing for their Permanent Fund Dividend (PFD) online to donate a portion or all of their dividends to eligible charitable and educational organizations, including the Foundation. Donations received through this program are recognized as revenue when the Foundation is notified of the donor designations and the amounts are determinable.

Functional Allocation of Expenses

Expenses which apply to more than one functional category (i.e. Program Services, Management & General, and Fundraising) have been allocated based on the time spent on these functions by specific employees as reflected in their timesheets. Indirect expenses such as facility costs are allocated based on square footage used by functional departments. Certain marketing material costs or special events costs are allocated based on the percentage of the publication or marketing technology devoted to each functional area. Other indirect expenses, such as information technology and supplies are allocated based on the overall number of staff in the various functional categories, and the utilization of the expense category by the staff. All other costs are charged directly to the appropriate functional category.

Use of Estimates

The preparation of consolidated 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.

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 Foundation received $11,733 and $24,029 of in-kind contributions in 2025 and 2024, respectively.

Income Tax Status

The Foundation is a nonprofit corporation exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code, is subject to Federal income tax.

The Foundation applies the provisions of ASC No. 740 relating to accounting for uncertainty in income taxes. The Foundation annually reviews its tax returns and positions taken in accordance with the recognition standards. The Foundation believes that it has no uncertain tax position which would require disclosure or adjustment as of December 31, 2025 or 2024.

The Foundation classifies all interest and penalties related to tax contingencies as income tax expense. As of December 31, 2025 and 2024, there were no accrued interest or penalties. The Foundation files tax returns in the U.S. Federal Jurisdiction and the State of Alaska.

Investment in Beneficial Interest

In 2024, Alaska Community Foundation ("ACF") transferred funds to the Endeavor Foundation ("Endeavor') a separate foundation established for charitable purposes as a supporting organization to ACF. ACF continues to hold a beneficial interest in Endeavor. The mission of Endeavor is to serve as a supporting organization for ACF. Endeavor works in partnership with ACF to strengthen Alaska's communities by providing support to Alaskan individuals, organizations, and charitable initiatives.

Liquidity

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions; such support has historically represented a significant portion of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation also considers the administrative fees it charges all funds at the Foundation to support its general expenditures and annual operations. General expenditures include administrative and general expenses, fundraising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following these guiding principles:

- An operating budget within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The table below presents financial assets available for general expenditures within one year at December 31, 2025:

Financial assets at year-end:	
Cash and cash equivalents	$ 28,293,676
Lease and other receivables	3,197,863
Investments (liquid within 90 days)	237,080,592
Less refundable advances, grants payable and funds held for other organizations	(34,493,594)
Less amounts held for donor restrictions	(35,844,516)
Total Financial Assets	$ 198,234,021

Subsequent Events

Management has evaluated the existence of subsequent events through August 25, 2026, the date which the consolidated financial statements were available for issuance.

2. Cash and Cash Equivalents

The Foundation maintains cash balances at financial institutions located in Anchorage, Alaska, which are insured by the FDIC up to $250,000 at December 31, 2025 and 2024. In 2025, the Foundation entered into a repurchase agreement for their main checking account. Any other amounts exceeding FDIC insurance coverage are uncollateralized and uninsured and represent a concentration of credit risk. Uninsured and uncollateralized amounts were $6,935,772 and $2,035,227 respectively, at December 31, 2025 and 2024.

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3. Fair Value Measurements/Investments

Certain assets of the Foundation as carried at net asset value (NAV).

The following tables provide information as of December 31, 2025 and 2024 about the Foundation's financial assets and liabilities measured at fair value on a recurring basis.

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets:				
Money market / cash sweeps	$ 9,667,542	$ -	$ -	$ 9,667,542
Certificate of deposit	-	1,422,909	-	1,422,909
U.S. treasuries	-	23,108,384	-	23,108,384
Short term bonds	-	6,686,772	-	6,686,772
Municipal obligations	-	39,792	-	39,792
Corporate obligations	-	9,136,558	-	9,136,558
US Agency Funds	-	5,847,229	-	5,847,229
Asset back securities	119,959	5,798,282	-	5,918,241
Common equity:				
Consumer discretionary	12,266,941	-	-	12,266,941
Consumer Staples	5,866,526	-	-	5,866,526
Energy	5,202,266	-	-	5,202,266
Financials	18,383,167	-	-	18,383,167
Health care	11,135,412	-	-	11,135,412
Industrials	14,529,509	-	-	14,529,509
Information technology	36,058,364	-	-	36,058,364
Materials	4,122,856	-	-	4,122,856
Real estate	2,894,853	-	-	2,894,853
Telecom	11,001,308	-	-	11,001,308
Utilities	3,280,607	-	-	3,280,607
Other	11,898	97,985	-	109,883
Debt bonds	-	357,254	-	357,254
Diversified hedged strategies	726,810	3,659,223	6,898,301	11,284,334
Private real estate	634,481	468,902	5,917,919	7,021,302
Private equity	142,572	-	2,026,338	2,168,910
Private debt	-	-	5,624,680	5,624,680
Closely held stock	-	-	11,285,901	11,285,901
Total at fair value	136,045,071	56,623,290	31,753,139	224,421,500
Investments carried at net asset value	-	-	-	12,659,092
Total	$136,045,071	$ 56,623,290	$ 31,753,139	$ 237,080,592

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets:				
Money market / cash sweeps	$ 10,100,997	$ -	$ -	$ 10,100,997
Certificate of deposit	-	1,917,162	-	1,917,162
U.S. treasuries	-	21,012,351	-	21,012,351
Short term bonds	-	5,053,233	-	5,053,233
Municipal obligations	-	6,014,547	-	6,014,547
Corporate obligations	-	28,012	-	28,012
US Agency Funds	-	8,538,180	-	8,538,180
Asset back securities	-	4,232,928	-	4,232,928
Common equity:				
Consumer discretionary	11,125,785	-	-	11,125,785
Consumer Staples	5,953,650	-	-	5,953,650
Energy	4,157,932	-	-	4,157,932
Financials	17,583,729	-	-	17,583,729
Health care	11,256,279	-	-	11,256,279
Industrials	11,215,116	-	-	11,215,116
Information technology	26,141,937	-	-	26,141,937
Materials	3,127,909	-	-	3,127,909
Real estate	2,889,695	-	-	2,889,695
Telecom	7,904,019	-	-	7,904,019
Utilities	2,688,400	-	-	2,688,400
Other	91,575	-	-	91,575
Debt bonds	-	173,215	-	173,215
Diversified hedged strategies	405,441	2,205,029	4,060,693	6,671,163
Private real estate	-	-	6,866,105	6,866,105
Private equity	-	-	3,020,137	3,020,137
Private debt	-	-	6,398,457	6,398,457
Closely held stock	-	-	9,503,856	9,503,856
Total at fair value	114,642,464	49,174,657	29,849,248	193,666,369
Investments carried at net asset value	-	-	-	14,534,548
Total	$114,642,464	$ 49,174,657	$ 29,849,248	$ 208,200,917

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, 2025 and 2024 are as follows:

	Fair value investments
Balance at December 31,2023	$ 17,593,790
Change in value due to appraisal/redemption	12,255,458
Balance at December 31, 2024	29,849,248
Change in value due to appraisal/redemption	1,903,891
Balance at December 31, 2025	$ 31,753,139

Investments consisting of closely held stock are recorded at fair value based on an appraisal using valuation techniques such as the sales-comparison approach and income approach. Unobservable inputs include market comparable rates.

The Foundation's accounting policy is to recognize transfers between levels of fair value hierarchy on the date of the event or change in circumstances that caused the transfer.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amount reported in the statement of financial position.

4. Investment Income

Investment income is comprised of the following at December 31:

	2025	2024
Realized gain (loss)	$ (142,936)	$ 943,765
Unrealized gain	22,107,074	17,731,303
Interest and dividend income	7,206,478	5,464,427
Total investment income	29,170,616	24,139,495
Less: investment expenses	493,321	346,832
Total investment income, net of expenses	$ 28,677,295	$ 23,792,663

5. Property, Equipment, and Donated Land

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

	2025	2024
Land	$ 8,490,000	$ 8,490,000
Building	5,123,063	5,123,063
Furniture and equipment	324,413	534,315
Software	46,071	46,071
Total property and equipment	13,983,547	14,193,449
Accumulated depreciation	(1,151,213)	(1,173,527)
	$ 12,832,334	$ 13,019,922

Depreciation expense was $234,372 and $227,189 for the years ended December 31, 2025 and 2024, respectively. The donated land is not depreciated.

In June 2020, BP Alaska Exploration, Inc. made a lasting contribution to the Alaska nonprofit and educational community by donating the BP Energy Center to The Alaska Community Foundation and Affiliate. The property consists of a 13,500 sq. ft conference and meeting center, along with a 5.6-acre lot containing the building and parking facilities, with a fair value of $13,610,000. As part of the transaction, an unrestricted fund was converted for ACF's use to operate and manage the property for a 20-year term.

Land held for resale was donated to ACF in 2023 in the amount of $79,282. The donated land is not depreciated.

6. Description of Program and Supporting Services

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

Restricted Programs and Projects
Restricted programs are 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. There are some projects that the Foundation expends funds for that are unrestricted that are also included in this program.

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.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consists of a mixture of fund investments and property. With donor restriction net assets consist of the following at December 31:

	2025	2024
BP Energy Center Fund	$ 19,462,821	$ 19,344,015
Endeavor Foundation	10,497,592	8,596,295
Nudlaghi Leadership Institute - Silver Salmon Camp Fund	-	1,985,047
Pick. Click. Give	1,136,618	1,112,688
Voices Across Alaska Fund	453,599	-
Wrangell Scholarship Fund	419,461	432,471
Progressive & Social Justice Fund	168,070	418,083
AFN Marketplace Fund	307,212	288,602
Sitka Scholarship Fund	254,165	286,110
Homelessness Solutions Journalism	222,541	216,664
Alaska Center for Excellence in Journalism (ACEJ)	183,785	181,983
Housing Alaskans: A Public & Private Partnership	182,628	123,052
Alaska Cultural Trust	103,876	78,548
Western Alaska Disaster Recovery Fund	2,375,176	41,667
Other	76,972	121,859
Total	$ 35,844,516	$ 33,227,084

Net assets were released from restrictions by satisfying the relevant requirements related to those restrictions as specified on the fund agreements.

In 2020, the Foundation took ownership of the BP Energy Center building and related fund with certain restrictions. Refer to note 5 for additional details.

8. Leasing Arrangements

The Foundation entered into a lease that was executed November 1, 2012 and terminating on October 31, 2022. In 2022, the Foundation signed an amendment to extend the original lease until October 31, 2027. During 2014, The Foundation's lease provided for month-to-month occupancy. Terms of the agreement provide for monthly payments of $1.48 per square foot, or $9,216 for space and utilities and increases of 3% per year. In 2015, the Foundation signed an amendment to increase the amount of space rented. Terms of this amendment provide for additional monthly payments of $1.53 per square foot, or $3,288 for space and utilities and increases of 3% per year.

The Foundation entered into a lease that was executed September 1, 2025 and terminating on October 31, 2027. Terms of the agreement provide for monthly payments of $2.25 per square foot, or $4,183 for space and utilities and increases of 2% per year.

The following summarizes the line items in the balance sheet which include amounts for operating leases for the years ended:

	2025	2024
Operating lease right-of-use assets	$ 340,450	$ 376,573
Current portion of operating lease liabilities	185,799	128,515
Long term portion of operating lease liabilities	163,445	257,075
Total operating lease liabilities	$ 349,244	$ 385,590

Quantitative Information About Operating Leases

The following table provides quantitative information concerning the Corporation's operating leases at December 31 for the years ended:

Lease cost	2025	2024
Operating lease cost	$ 158,073	$ 138,320

Other Information	2025	2024
Weighted-average remaining lease term (in years) - Operating leases	1.83	2.83
Weighted-average discount rate applied (%) - Operating leases	3.93%	4.01%

Following is a maturity analysis of annual undiscounted cash flows for lease liabilities as of the December 31, 2025.

	Operating Leases
2026	195,580
2027	165,862
Total	361,442
Interest expense	(12,198)
Amounts recognized in the balance sheet	$ 349,244

9. Related Parties

On October 1, 2012, the Foundation entered into an office lease agreement with SJ/JL Calais Office I, LLC. the Foundation's significant grantor is an 11.6% beneficial owner in the SJ/JL Calais Office I, LLC. A portion of the grantor's share of income from this partnership is used to offset and reduce the office space lease payments for the Foundation. The lease payments for 2025 were $158,073 and $127,932 in 2024.

10. 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.

11. Pension Plan

The Alaska Community Foundation and Affiliate has a 401(k) defined contribution plan with John Hancock, which covers full-time employees. Effective January 1, 2021, the Plan was changed to a safe-harbor plan, whereby the matching contribution is required. Under the Plan, the Foundation provides an employer matching contribution of 100% of the employee contribution up to 3% of wages, and an additional 50% of the employee contribution for the next 2% of wages after 12 months of service. Employer contributions under the plan totaled $77,271 and $60,880 for the years ended 2025 and 2024, respectively.

12. Endeavor Foundation

ACF held a beneficial interest in Endeavor of $8,645,004 and $8,596,295 for the years ended 2025 and 2024, respectively. Of the amount, Endeavor had investments in real estate properties totaling $34,563,000 as of December 31, 2025. Fair value of the investments is based on Level 3 inputs.

While Endeavor believes its valuation method is appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could have a significant effect on the estimated fair value amounts.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the 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, the consolidated financial statements of The Alaska Community Foundation and Affiliate (the Foundation), which comprise the Foundation's consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 25, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
August 25, 2026

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Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Alaska Community Foundation and Affiliate's (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2025. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
August 25, 2026

The Alaska Community Foundation and Affiliate

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
National Archives and Records Administration				
National Historical Publications and Records Grants	89.003		$ 3,926,710	$ 3,941,431
Total Expenditures of Federal Awards			$ 3,926,710	$ 3,941,431

The accompanying notes are an integral part of this schedule.

The Alaska Community Foundation and Affiliate

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Alaska Community Foundation and Affiliate (the Foundation) under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Alaska Community Foundation and Affiliate has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

The Alaska Community Foundation and Affiliate

Schedule of Findings and Questioned Costs
Year Ended December 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	_X_ no
Significant deficiency(ies) identified?	____ yes	_X_ (none reported)
Noncompliance material to financial statements noted?	____ yes	_X_ no

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	____ yes	_X_ no
Significant deficiency(ies) identified?	____ yes	_X_ (none reported)
Type of auditor's report issued on compliance for major federal programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)	____ yes	_X_ no

Identification of major federal programs:

Assistance Listing Number	*Name of Federal Program or Cluster*	*Agency*
89.003	National Historical Publications and Records Grants	National Archives and Records Administration

Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000
Auditee qualified as low-risk auditee?	____ yes _X_ no

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.