



ALASKA CONSERVATION FOUNDATION

Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

The Board of Trustees
Alaska Conservation Foundation:

We have audited the accompanying statements of financial position of Alaska Conservation Foundation (Foundation) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alaska Conservation Foundation as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

September 6, 2012

ALASKA CONSERVATION FOUNDATION

Statements of Financial Position

June 30, 2012 and 2011

Assets	2012	2011
Cash and cash equivalents	\$ 2,388,216	3,209,200
Grants and public support receivable (note 3)	760,000	1,724,595
Other receivables	12,162	—
Prepaid expenses and other assets	32,712	29,455
Investments at fair value (note 8)	5,783,735	5,912,491
Investments not at fair value (note 8)	91,218	91,218
Cash surrender value of life insurance policies	119,036	114,277
Furniture and equipment	50,377	—
	<u>\$ 9,237,456</u>	<u>11,081,236</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 76,528	111,054
Accrued payroll and related liabilities	67,698	58,103
Grants and awards payable	132,000	756,848
Deferred revenue	66,550	—
Capital lease obligation	—	890
Gift annuity liability	74,583	119,859
Total liabilities	<u>417,359</u>	<u>1,046,754</u>
Net assets:		
Unrestricted:		
Board designated for endowment (note 9)	549,399	607,176
Undesignated	962,529	882,423
	1,511,928	1,489,599
Temporarily restricted (notes 5 and 9)	2,418,467	3,670,947
Permanently restricted (notes 6 and 9)	4,889,702	4,873,936
Total net assets	<u>8,820,097</u>	<u>10,034,482</u>
Commitments (notes 7 and 10)		
	<u>\$ 9,237,456</u>	<u>11,081,236</u>

See accompanying notes to financial statements.

ALASKA CONSERVATION FOUNDATION

Statements of Activities

Years ended June 30, 2012 and 2011

	2012				2011			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Public support and revenue:								
Public support	\$ 858,457	128,995	15,766	1,003,218	736,729	105,473	80,546	922,748
Grants	285,640	2,782,334	—	3,067,974	243,700	5,520,040	—	5,763,740
Investment income (note 8)	36,974	104,859	—	141,833	714,916	417,709	—	1,132,625
Events	3,897	—	—	3,897	2,680	—	—	2,680
Donor-directed transfer	—	—	—	—	—	(75,072)	75,072	—
Net assets released from restriction (note 4)	4,268,668	(4,268,668)	—	—	4,612,605	(4,612,605)	—	—
Total public support and revenue	5,453,636	(1,252,480)	15,766	4,216,922	6,310,630	1,355,545	155,618	7,821,793
Expenses:								
Program services:								
Grants and awards	3,160,238	—	—	3,160,238	3,525,798	—	—	3,525,798
Programs	1,267,569	—	—	1,267,569	1,456,668	—	—	1,456,668
Total program services	4,427,807	—	—	4,427,807	4,982,466	—	—	4,982,466
Supporting services:								
Management and general	557,084	—	—	557,084	350,175	—	—	350,175
Fund raising	446,416	—	—	446,416	361,282	—	—	361,282
Total supporting services	1,003,500	—	—	1,003,500	711,457	—	—	711,457
Total expenses	5,431,307	—	—	5,431,307	5,693,923	—	—	5,693,923
Change in net assets	22,329	(1,252,480)	15,766	(1,214,385)	616,707	1,355,545	155,618	2,127,870
Net assets at beginning of year	1,489,599	3,670,947	4,873,936	10,034,482	872,892	2,315,402	4,718,318	7,906,612
Net assets at end of year	\$ 1,511,928	2,418,467	4,889,702	8,820,097	1,489,599	3,670,947	4,873,936	10,034,482

See accompanying notes to financial statements.

ALASKA CONSERVATION FOUNDATION

Statements of Functional Expenses

Years ended June 30, 2012 and 2011

		2012					2011				
		Grants and awards	Programs	Management and general	Fund raising	Total	Grants and awards	Programs	Management and general	Fund raising	Total
Grants and awards	\$	3,160,238	—	—	—	3,160,238	3,525,798	—	—	—	3,525,798
Personnel		—	603,995	293,827	314,056	1,211,878	—	745,270	201,821	242,870	1,189,961
Professional fees		—	356,732	132,096	32,252	521,080	—	404,973	67,685	18,273	490,931
Development/outreach		—	59,858	29,085	20,328	109,271	—	67,923	21,873	45,625	135,421
Travel		—	130,721	24,755	14,605	170,081	—	112,395	9,595	16,572	138,562
Occupancy		—	85,845	27,596	28,842	142,283	—	99,779	20,974	23,214	143,967
Office		—	21,663	5,846	23,112	50,621	—	21,540	9,854	13,827	45,221
Other expenses		—	8,755	43,879	13,221	65,855	—	4,788	18,373	901	24,062
Total expenses	\$	<u>3,160,238</u>	<u>1,267,569</u>	<u>557,084</u>	<u>446,416</u>	<u>5,431,307</u>	<u>3,525,798</u>	<u>1,456,668</u>	<u>350,175</u>	<u>361,282</u>	<u>5,693,923</u>

See accompanying notes to financial statements.

ALASKA CONSERVATION FOUNDATION

Statements of Cash Flows

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,214,385)	2,127,870
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	9,143	3,392
Net investment gains	(36,878)	(1,015,210)
Change in gift annuity liability	(45,276)	—
In-kind revenue	(70,376)	(1,865)
In-kind expense	70,376	1,865
Contributions to endowment fund	(15,766)	(80,546)
Changes in assets and liabilities that provided (used) cash:		
Grants and public support receivable	964,595	(1,404,595)
Other receivables	(12,162)	43,936
Prepaid expenses and other assets	(3,257)	(2,860)
Cash surrender value of life insurance policies	(4,759)	(8,796)
Accounts payable	(34,525)	36,918
Accrued payroll and related liabilities	9,595	(27,156)
Awards payable	(624,848)	(90,545)
Deferred revenue	66,550	—
Net cash used in operating activities	<u>(941,973)</u>	<u>(417,592)</u>
Cash flows from investing activities:		
Purchase of investments	(311,241)	(2,145,252)
Sale of investments	476,874	2,375,985
Purchase of furniture and equipment	(59,520)	—
Net cash provided by investing activities	<u>106,113</u>	<u>230,733</u>
Cash flows from financing activities:		
Payments on capital lease obligation	(890)	(4,050)
Contributions to endowment fund	15,766	80,546
Net cash provided by financing activities	<u>14,876</u>	<u>76,496</u>
Net decrease in cash and cash equivalents	<u>(820,984)</u>	<u>(110,363)</u>
Cash and cash equivalents at beginning of year	<u>3,209,200</u>	<u>3,319,563</u>
Cash and cash equivalents at end of year	<u>\$ 2,388,216</u>	<u>3,209,200</u>

See accompanying notes to financial statements.

ALASKA CONSERVATION FOUNDATION

Notes to Financial Statements

June 30, 2012 and 2011

(1) History

The Alaska Conservation Foundation (ACF or Foundation) is a nonprofit corporation organized under the laws of the State of Alaska and recognized as a publicly supported charity as described in Internal Revenue Code Section 501(c)(3). ACF makes grants, conducts programs, and receives funds to protect the integrity of Alaska's ecosystems and to promote sustainable livelihoods among Alaska communities and people. Unrestricted funds raised by the Foundation are used exclusively for those purposes or are granted to other organizations with similar goals. The Foundation also solicits and administers grants to be used for donor-advised issues.

(2) Summary of Significant Accounting Policies

(a) *Use of Estimates*

In preparing the financial statements in accordance with accounting principles generally accepted in the United States of America, ACF management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the statement of financial position and public support, revenue and expenses for the period. Actual results could differ from those estimates. The more significant accounting and reporting policies and estimates applied in the preparation of the accompanying financial statements are discussed below.

(b) *Basis of Presentation*

The financial statements are presented on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ACF and changes therein are reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations. The Board of Trustees designates a portion of the Foundation's cumulative investment return for support of current operations; any remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the endowment spending policy of the investment pool and all investment income earned by investing cash in excess of daily requirements are used to support current operations.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related activities for general or specific purposes.

ALASKA CONSERVATION FOUNDATION

Notes to Financial Statements

June 30, 2012 and 2011

(c) Public Support and Revenues

Contributions are available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions whose restrictions are met in the same reporting period as contributions are received are reported as temporarily restricted public support and grants and net assets released from restriction in the year received. Grants awarded in writing to be received in future periods are recorded as temporarily restricted grants when promises are made and those net assets are released from restriction after the funds are received and any stipulations are met.

Contributions of in-kind goods or professional services, if measurable and significant, are recorded at fair value at time of receipt. In 2012 and 2011, the Foundation received \$70,376 and \$1,865, respectively, in in-kind services.

(d) Cash and Cash Equivalents

ACF considers demand deposits and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents, except for those similar securities held in investment accounts.

(e) Investments

Investments in marketable securities are reported at their fair values in the statement of financial position. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains and losses and interest earned on investments are recorded as unrestricted activity unless the earnings are subject to donor-imposed restrictions.

Other long-term investments include land and investment in a limited partnership. Land is carried at cost, which was established as the fair value on the date the assets were donated to the Foundation. Investment in a limited partnership is accounted for using equity method, under which the Foundation's share of affiliate earnings is included in income when earned and distributions are credited to the investment when received.

(f) Grants and Public Support Receivable

An allowance for doubtful accounts has not been established, as all receivables are considered fully collectible.

(g) Furniture and Equipment

Furniture and equipment with a useful life greater than one year and a cost of \$5,000 or more are recorded at cost or, if acquired by donation, at fair market value at the date of acquisition. Depreciation of furniture and equipment is provided over the estimated useful lives of the assets, which range from three to seven years, using the straight-line method and accelerated methods.

ALASKA CONSERVATION FOUNDATION

Notes to Financial Statements

June 30, 2012 and 2011

(h) Gift Annuities

Assets received under gift annuity agreements are recorded at fair value. The gift annuity liability is recorded at the present value of the benefits expected to be paid to the donor. A contribution is recorded for the difference between the fair value contributed and the initial annuity liability.

(i) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited by those mixed-purpose expenditures.

(j) Income Taxes

The Foundation is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, ACF has been determined by the Internal Revenue Service to be “not a private foundation” within the meaning of Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code. Unrelated business activity was not substantial in 2012 or 2011.

The Company applies a more-likely than-not recognition threshold for all tax uncertainties. Management has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for all periods presented.

(k) Allocation of Joint Costs

ACF conducts activities to distribute information regarding environmental issues and appeal for funds. The joint costs incurred through these activities were allocated \$1,129 to fundraising expense and \$2,870 to program services in 2012 and \$2,486 to fundraising expense and \$9,114 to program services in 2011.

(l) Subsequent Events

In connection with the preparation of the financial statements the ACF evaluated subsequent events after the balance sheet date of June 30, 2012 through September 6, 2012, which was the date the financial statements were available to be issued.

(3) Grants and Public Support Receivable

Receivables consist of the following at June 30:

	2012	2011
Receivable within one year	\$ 460,000	974,595
Receivable within one to five years	300,000	750,000
	<u>\$ 760,000</u>	<u>1,724,595</u>

ALASKA CONSERVATION FOUNDATION

Notes to Financial Statements

June 30, 2012 and 2011

(4) Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose.

(5) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 consisted of the following:

		2012	2011
Grants and public support to be received in future periods	\$	760,000	1,724,595
Unspent endowment earnings		249,293	317,305
Grants temporarily restricted for purpose		1,290,138	1,514,770
Cash surrender value of life insurance policies		119,036	114,277
	\$	<u>2,418,467</u>	<u>3,670,947</u>

(6) Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2012 and 2011 consist of endowments restricted in perpetuity for a particular purpose by donors. ACF can spend earnings on these permanently restricted net assets.

(7) Pension Plan

ACF has a defined contribution pension plan, which covers all full-time employees who have been employed for 12 months. ACF contributes 9% of the covered employees' salaries. These contributions totaled \$65,130 and \$61,620 for the years ended June 30, 2012 and 2011, respectively.

ALASKA CONSERVATION FOUNDATION

Notes to Financial Statements

June 30, 2012 and 2011

(8) Long-Term Investments

Long-term investments restricted to a permanent endowment along with other investments held for ACF's operations are maintained in portfolios managed by professional investment managers. A summary of ACF's long-term investments as of June 30 follows:

	<u>Cost</u>	<u>Unrealized holding gain</u>	<u>Unrealized holding loss</u>	<u>Fair value</u>
2012:				
Money market funds	\$ 252,199	—	—	252,199
Equity index mutual funds	50,703	1,285	(1,812)	50,176
Alternative strategies				
mutual fund	26,526	398	(887)	26,037
Common stock	2,850,470	1,523,146	(96,260)	4,277,356
Bond mutual fund	52,662	2,260	(375)	54,547
Corporate and				
government bonds	1,032,537	95,198	(4,315)	1,123,420
Other long-term investments	91,218	—	—	91,218
	<u>\$ 4,356,315</u>	<u>1,622,287</u>	<u>(103,649)</u>	<u>5,874,953</u>
	<u>Cost</u>	<u>Unrealized holding gain</u>	<u>Unrealized holding loss</u>	<u>Fair value</u>
2011:				
Money market funds	\$ 69,248	—	—	69,248
Equity index mutual funds	87,595	2,122	—	89,717
Alternative strategies				
mutual fund	39,691	976	(509)	40,158
Common stock	3,002,754	1,533,144	(70,096)	4,465,802
Bond mutual fund	83,667	1,349	(79)	84,937
Corporate and				
government bonds	1,098,980	63,649	—	1,162,629
Other long-term investments	91,218	—	—	91,218
	<u>\$ 4,473,153</u>	<u>1,601,240</u>	<u>(70,684)</u>	<u>6,003,709</u>

A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

ALASKA CONSERVATION FOUNDATION

Notes to Financial Statements

June 30, 2012 and 2011

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents investments that are measured at fair value on a recurring basis at June 30:

		2012			
		Total	Level 1	Level 2	Level 3
Money market funds	\$	252,199	252,199	—	—
Equity index mutual fund		50,176	50,176	—	—
Alternative strategies mutual fund		26,037	26,037	—	—
Common stock		4,277,356	4,277,356	—	—
Bond mutual fund		54,547	54,547	—	—
Corporate and government bonds		1,123,420	—	1,123,420	—
Total	\$	<u>5,783,735</u>	<u>4,660,315</u>	<u>1,123,420</u>	<u>—</u>

		2011			
		Total	Level 1	Level 2	Level 3
Money market funds	\$	69,248	69,248	—	—
Equity index mutual fund		89,717	89,717	—	—
Alternative strategies mutual fund		40,158	40,158	—	—
Common stock		4,465,802	4,465,802	—	—
Bond mutual fund		84,937	84,937	—	—
Corporate and government bonds		1,162,629	—	1,162,629	—
Total	\$	<u>5,912,491</u>	<u>4,749,862</u>	<u>1,162,629</u>	<u>—</u>

ALASKA CONSERVATION FOUNDATION

Notes to Financial Statements

June 30, 2012 and 2011

The long-term investments are restricted as follows at June 30:

	2012	2011
Permanently restricted endowment principal	\$ 4,889,702	4,873,936
Temporarily restricted endowment earnings	249,293	317,305
Board-designated endowment principal	549,399	607,176
Available for use in operations	186,559	205,292
	<u>\$ 5,874,953</u>	<u>6,003,709</u>

Investment income consisted of the following for years ended June 30:

	2012	2011
Interest and dividends	\$ 140,576	159,053
Net investment gains	36,878	1,015,210
Investment fees	(35,621)	(41,638)
	<u>\$ 141,833</u>	<u>1,132,625</u>

(9) Endowment Funds

ACF's endowment consists of 19 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Fund Act (UPMIFA) was signed into law in the State of Alaska on June 14, 2010 with an effective date of September 8, 2010.

During the years ended June 30, 2012 and 2011, the Board of Trustees of the Foundation has interpreted the State of Alaska's laws governing endowments as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Except to the extent required by the donor, including losses related to specific investments that the donor requires the organization to hold in perpetuity, the following apply: (a) investment gains are classified as increases in temporarily restricted net assets; (b) investment losses are reductions in temporarily restricted gains if available; and (c) remaining losses are classified as reductions in unrestricted net assets.

ALASKA CONSERVATION FOUNDATION

Notes to Financial Statements

June 30, 2012 and 2011

Endowment net asset composition by type of fund is as follows at June 30:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
2012:				
Donor-restricted endowment funds	\$ (44,207)	249,293	4,889,702	5,094,788
Board-designated endowment funds	<u>549,399</u>	<u>—</u>	<u>—</u>	<u>549,399</u>
	<u>\$ 505,192</u>	<u>249,293</u>	<u>4,889,702</u>	<u>5,644,187</u>
2011:				
Donor-restricted endowment funds	\$ (33,946)	317,305	4,873,936	5,157,295
Board-designated endowment funds	<u>607,176</u>	<u>—</u>	<u>—</u>	<u>607,176</u>
	<u>\$ 573,230</u>	<u>317,305</u>	<u>4,873,936</u>	<u>5,764,471</u>

ALASKA CONSERVATION FOUNDATION

Notes to Financial Statements

June 30, 2012 and 2011

Changes in endowment net assets are as follows:

	Donor permanently restricted endowment funds	Donor temporarily restricted endowment funds	Board designated for endowment	Total
Balance, June 30, 2010	\$ 4,718,318	120,842	358,547	5,197,707
Net investment return	—	196,463	648,594	845,057
Contributions to endowment	80,546	—	—	80,546
Donor-directed transfer	75,072	—	—	75,072
Amount appropriated for expenditure	—	—	(399,965)	(399,965)
Total change in endowment funds	155,618	196,463	248,629	600,710
Balance, June 30, 2011	4,873,936	317,305	607,176	5,798,417
Net investment return	—	65,445	46,141	111,586
Contributions to endowment	15,766	—	—	15,766
Amount appropriated for expenditure	—	(133,457)	(103,918)	(237,375)
Total change in endowment funds	15,766	(68,012)	(57,777)	(110,023)
Balance, June 30, 2012	\$ 4,889,702	249,293	549,399	5,688,394

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$44,207 and \$33,946 as of June 30, 2012 and 2011, respectively. These deficiencies resulted from unfavorable market fluctuations.

(c) Appropriation Policies

Distributions will be made annually. The maximum annual percentage payout will be reduced over a five-year period at the rate of 0.1% per year, beginning in fiscal year 2009, until the annual percentage payout has been reduced from 5% to a permanent rate of 4.5%. The amount of the distribution will be based on the average value of the fund as of March 31 for the preceding three fiscal years. In the event that an individual fund has been in existence for less than three years, the percentage distribution for the next fiscal year will be based on the average of the fund's balance as of March 31 for the number of fiscal years that the fund has been in existence.

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Notes to Financial Statements

June 30, 2012 and 2011

(d) Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives

The investment of Foundation assets will be diversified so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

It is the policy for the Alaska Conservation Foundation Endowment to target a range of 50% – 80% exposure to stocks. Each quarter, the finance and investment committee will review the performance and allocation and make recommendations for rebalancing as needed. Deviation from the preferred allocation must not be more than 15%. This is true whether the change in asset mix is the result of disproportionate investment performance, because of additions to endowment capital through contributions (which come in as cash and, therefore, are part of fixed income), or as a result of withdrawals (again from cash) because of the spending policy.

Aggregate Foundation asset allocation guidelines are as follows:

	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Asset class:			
Equities	50%	80%	65%
Fixed income	20	50	35
Cash and cash equivalents	—	10	—

(10) Lease Obligations

ACF leases office space and equipment under operating lease agreements. Rental expense was \$101,350 and \$103,159 for the years ended June 30, 2012 and 2011, respectively.

Future minimum lease payments under noncancelable leases are as follows:

Year ending June 30:	
2013	\$ 103,942
2014	97,802
2015	93,588
2016	94,806
Thereafter	96,867
	<u>\$ 487,005</u>