



Trustees For Alaska

Consolidated Financial Statements
Years Ended September 30, 2013 and 2012

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Independent Auditor's Report

Board of Directors
Trustees for Alaska
Anchorage, Alaska

We have audited the accompanying consolidated financial statements of Trustees for Alaska, which comprise the consolidated statement of financial position as of September 30, 2013, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Trustees for Alaska as of September 30, 2013, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Auditors

The consolidated financial statements of Trustees for Alaska, as of and for the year ended September 30, 2012, were audited by other auditors whose report dated January 23, 2013 expressed an unmodified opinion on those statements.

Other information

Our audit for the year ended September 30, 2013 was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information for the year ended September 30, 2013 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information 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 for the year ended September 30, 2013 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 information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole for the year ended September 30, 2013.

Trustees for Alaska consolidated financial statements for the year ended September 30, 2012 (not presented herein), were audited by other auditors whose report thereon dated January 23, 2013, expressed unmodified opinions on the consolidated financial statements. The report of the other auditors dated January 23, 2013, stated that the supplementary information for the year ended September 30, 2012 was subjected to the auditing procedures applied in the audit of the 2012 consolidated financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those consolidated financial statements or the those consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the consolidated financial statements as a whole for the year ended September 30, 2012.

BDO USA, LLP

Anchorage, Alaska
January 15, 2014

Consolidated Financial Statements

Trustees For Alaska
Consolidated Statements of Financial Position

<i>September 30,</i>	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,154,677	693,432
Receivables:		
Foundation grants	192,500	68,000
Other receivable	24,777	4,924
Prepaid expenses	26,827	17,417
Total current assets	1,398,781	783,773
Property and equipment	106,117	84,470
Less accumulated depreciation	(82,407)	(78,068)
Property and equipment, net	23,710	6,402
Investments	3,072,788	3,545,470
Total Assets	\$ 4,495,279	4,335,645
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	3,798	7,025
Accrued leave	33,200	37,212
Accrued payroll liabilities	131	2,043
Current portion, capital lease payable	4,793	2,899
Total current liabilities	41,922	49,179
Long term liabilities - capital lease payable, net of current portion	14,160	779
Total liabilities	56,082	49,958
Net assets:		
Unrestricted:		
Designated by the Board - endowment	3,847,376	3,639,739
Designated by the Board for operations	339,943	276,750
Undesignated	8,475	212,982
Temporarily restricted	243,403	156,216
Total net assets	4,439,197	4,285,687
Total Liabilities and Net Assets	\$ 4,495,279	4,335,645

See accompanying notes to financial statements.

Trustees for Alaska
Consolidated Statements of Activities

Years Ended September 30,	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Foundation grants	\$ 88,000	692,174	780,174	206,000	560,000	766,000
Contributions	133,039	-	133,039	255,547	-	255,547
In-kind revenue	214,376	-	214,376	192,565	-	192,565
Legal fees	12,451	-	12,451	118,070	-	118,070
Interest income	811	-	811	592	-	592
Other	11,944	-	11,944	22,364	-	22,364
Net assets released from restrictions in satisfaction of program requirements	604,987	(604,987)	-	697,084	(697,084)	-
Total revenue and support	1,065,608	87,187	1,152,795	1,492,222	(137,084)	1,355,138
Expenses:						
Program services:						
Arctic	232,297	-	232,297	135,954	-	135,954
Clean Air and Water	266,192	-	266,192	301,078	-	301,078
Global Warming	500,672	-	500,672	478,480	-	478,480
Marine	47,369	-	47,369	88,941	-	88,941
Wildlife	38,297	-	38,297	57,105	-	57,105
Total program services	1,084,827	-	1,084,827	1,061,558	-	1,061,558
Support services:						
General and administrative	87,564	-	87,564	113,114	-	113,114
Fundraising	87,034	-	87,034	91,302	-	91,302
Total support services	174,598	-	174,598	204,416	-	204,416
Total expenses	1,259,425	-	1,259,425	1,265,974	-	1,265,974
Increase (decrease) in net assets from operating activities	(193,817)	87,187	(106,630)	226,248	(137,084)	89,164
Non-operating activities - gain (loss) on investments	260,140	-	260,140	505,318	-	505,318
Change in net assets	66,323	87,187	153,510	731,566	(137,084)	594,482
Net assets, beginning of year	4,129,471	156,216	4,285,687	3,397,905	293,300	3,691,205
Net assets, end of year	\$ 4,195,794	243,403	4,439,197	4,129,471	156,216	4,285,687

See accompanying notes to financial statements.

Trustees For Alaska
Consolidated Statement of Functional Expenses

<i>Year Ended September 30, 2013</i>	Arctic	Clean Air and Water	Global Warming	Marine	Wildlife	General and Admin- istrative	Fund- Raising	Total
Salaries and benefits	\$ 156,940	165,650	314,166	18,155	22,809	68,531	66,259	812,510
In-kind legal and management support	38,331	46,689	103,644	16,061	9,422	125	104	214,376
Occupancy costs	13,686	17,111	37,069	5,786	3,340	5,429	7,519	89,940
Contract and professional	5,594	5,595	20,263	1,904	1,089	2,905	6,559	43,909
Library	3,341	3,404	8,760	927	531	-	-	16,963
Travel	3,817	7,292	92	1,548	(33)	400	1,185	14,301
Advertising	-	9,377	-	-	-	-	-	9,377
Insurance	3,843	1,069	2,377	368	216	1,339	(27)	9,185
Communications	1,441	1,471	2,893	787	266	1,011	567	8,436
Equipment costs	631	763	1,769	414	169	2,323	366	6,435
Dues and subscriptions	900	1,096	2,433	377	221	9	97	5,133
Supplies and office expense	714	895	1,943	338	176	532	414	5,012
Court costs	1,152	3,692	477	-	(315)	5	-	5,011
Depreciation	636	794	1,721	269	155	416	348	4,339
Training and recruitment	615	695	1,679	238	138	148	124	3,637
Board activities	82	102	222	35	20	2,243	195	2,899
Postage	425	312	761	99	57	154	853	2,661
Printing and publications	22	27	60	9	5	14	1,753	1,890
Interest expense	127	158	343	54	31	83	69	865
Other	-	-	-	-	-	1,897	649	2,546
Total Expenses	\$ 232,297	266,192	500,672	47,369	38,297	87,564	87,034	1,259,425

See accompanying notes to financial statements.

Trustees For Alaska
Consolidated Statement of Functional Expenses

<i>Year Ended September 30, 2012</i>	Arctic	Clean Air and Water	Global Warming	Marine	Wildlife	General and Admin- istrative	Fund- Raising	Total
Salaries and benefits	\$ 95,291	168,439	335,174	33,903	23,459	87,028	64,240	807,534
In-kind legal and management support	9,174	79,711	58,332	17,785	25,886	1,387	290	192,565
Occupancy costs	9,854	23,467	34,347	9,253	4,261	9,671	7,949	98,802
Travel	9,005	2,301	1,800	17,510	67	59	6,468	37,210
Contract and professional	3,930	6,862	9,516	2,564	1,181	3,469	5,356	32,878
Library	2,150	4,190	7,094	1,583	1,097	27	-	16,141
Court costs	212	1,511	10,099	12	(1,498)	(346)	3	9,993
Communications	965	1,950	3,053	1,100	339	948	659	9,014
Insurance	977	2,272	3,372	915	424	457	382	8,799
Training and recruitment	938	2,032	3,510	823	382	775	208	8,668
Dues and subscriptions	784	1,896	2,804	760	351	217	95	6,907
Supplies and office expense	334	801	1,168	372	144	416	604	3,839
Printing and publications	69	165	241	65	30	67	2,436	3,073
Interest and bank charges	-	-	-	-	-	2,596	60	2,656
Board activities	-	-	-	-	-	2,551	-	2,551
Postage	151	383	584	142	65	152	869	2,346
Equipment maintenance and depreciation	5	12	17	5	2	805	4	850
Other	2,115	5,086	7,369	2,149	915	2,835	1,679	22,148
Total Expenses	\$ 135,954	301,078	478,480	88,941	57,105	113,114	91,302	1,265,974

See accompanying notes to financial statements.

Trustees For Alaska
Consolidated Statements of Cash Flows

<i>Years Ended September 30,</i>	2013	2012
Cash flows from operating activities:		
Receipts from grants and contributions	\$ 788,713	1,048,547
Payments to employees and suppliers	(1,059,271)	(1,051,986)
Receipts from legal services	-	118,070
Receipts from other revenue sources	5,353	24,429
Net cash flows provided (used) by operating activities	(265,205)	139,060
Cash flows from investing activities:		
Payments for investment fees	(33,225)	(29,094)
Interest and dividends received	84,098	93,836
Purchases of investments	(4,087,401)	(1,144,148)
Proceeds from sale of investments	4,769,350	1,145,464
Net cash provided by investing activities	732,822	66,058
Cash flows from financing activities -		
principal payments on capital lease obligation	(6,372)	(2,580)
Net change in cash and cash equivalents	461,245	202,538
Cash and cash equivalents, beginning of year	693,432	490,894
Cash and cash equivalents, end of year	\$ 1,154,677	693,432
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Cash flows from operating activities:		
Change in net assets from operating activities	\$ 153,510	594,482
Adjustments to reconcile change in net assets from operating activities to cash provided by operating activities:		
Depreciation	4,339	800
Investment income	(260,140)	(505,318)
(Increase) decrease in assets:		
Foundation grants receivable	(124,500)	27,000
Other receivables	(19,853)	1,473
Prepaid expenses	(9,410)	5,753
Increase (decrease) in liabilities:		
Accounts payable	(3,227)	(318)
Accrued leave	(4,012)	14,416
Accrued payroll liabilities	(1,912)	772
Net cash provided (used) by operating activities	\$ (265,205)	139,060
Supplemental Cash Flow Disclosure - Noncash Investing Activity -		
purchase of capital equipment with capital lease	\$ 21,647	-
Supplemental Information - Cash Paid During the Year for Interest		
	\$ 865	598

See accompanying notes to financial statements.

Trustees for Alaska

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Trustees for Alaska (the Organization) is a public interest law firm whose mission is to protect Alaska's natural resources and environment. Founded in 1974 to address anticipated impacts from the then-proposed Trans Alaska Pipeline System, the Organization has since evolved into an environmental law firm offering free counsel to local and national environmental groups, Alaska Native villages, nonprofit organizations and others with a stake in protecting Alaska's natural heritage. The Organization's support comes primarily from individual contributions, foundation grants and court-awarded attorney fees.

On December 31, 2008, Trustees for Alaska established the Trustees for Alaska Endowment Fund (TAEF) to provide financial support to the charitable activities, projects and programs of Trustees for Alaska. TAEF is classified as a Section 509(a)(3) "Type I" supporting organization by the Internal Revenue Service. All activities of the Endowment Fund are included in these financial statements.

Program Activities

Trustees for Alaska is dedicated to matters affecting the State of Alaska. Its work covers a wide range of issues from oil and gas development, global warming, mining, and air and water pollution, to wildlife conservation and terrestrial, aquatic and marine ecosystem protection. Trustees for Alaska works in five main areas:

- Protecting America's unique Arctic ecosystems
- Addressing the impacts of global warming on Alaska's communities and ecosystems
- Protecting Alaska's vast marine ecosystems
- Protecting Alaska's spectacular wilderness areas, and promoting the biodiversity of Alaska's Wildlife.
- Assuring clean air, clean water, and continued access to subsistence resources

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses recognized when incurred.

Trustees for Alaska

Notes to Consolidated Financial Statements

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets:

Unrestricted net assets: Net assets that are not subject to donor-imposed or time restrictions that are general in nature or that are for operating purposes of the Organization.

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

Permanently restricted net assets: Net assets from contributions whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers the unrestricted balances in its checking, savings and money market accounts to be cash, as well as certificates of deposit that mature within 3 months.

Fair Value of Financial Instruments

Trustees for Alaska must disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derive financial instruments.

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 on the Statement of Financial Position for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities.

The carrying amount of receivables approximates fair value because they are expected to be received within a reasonable time period where any difference from fair value would be considered immaterial.

Trustees for Alaska

Notes to Consolidated Financial Statements

Included in investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and stock when carried at the lower of cost or market. Mutual funds are valued at the net asset value (NAV) of shares held at year end. The Organization's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles.

Equipment

Equipment in excess of \$1,000, which consists primarily of office equipment, is carried at cost if purchased or fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Functional Allocation of Expenses

Direct expenses are charged to programs, fundraising and supporting services. Expenses related to more than one function are charged to each function on the basis of time studies and full-time equivalent positions. Management and general expenses include those expense that are not directly chargeable to any other specific function but provide for the overall support and direction of the Organization.

Pledges and Promises to Give

Unconditional promises to give (pledges) are recognized as revenues in the period in which the promise is made, and as assets, decreases in liabilities, or expenses depending upon the form of the benefits to be received. Conditional pledges are considered unconditional if the possibility that the condition will not be met is remote. Promises to give that are contingent upon substantive conditions being met are recognized only when the conditions have been met and the promise become unconditional. Promises to give are recorded at net realizable value if expected to be collected in more than one year.

Contributed Services, Materials, and Utilities

Donated materials, supplies and utilities are valued at fair market on the date contributed. Donated services are included in the Organization's Statement of Activities in the following circumstances:

- a) the services performed create or enhance non-financial assets; or
- b) the services require specialized skills, are provided by individual possessing those skills, and would typically need to be purchased if not provided by donation.

Fee Awards

Court-awarded case costs are recognized in the period which the court order is issued.

Trustees for Alaska

Notes to Consolidated Financial Statements

Income Taxes

The activities of the Organization are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Although the Organization is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirements of filing Federal Income Tax Form 990-T and a tax liability may be determined on these activities.

The Organization applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. The Organization annually reviews its return and positions taken in accordance with the recognition standards.

The Organization believes that it has no uncertain tax positions taken in accordance with the recognition standards that would require disclosure or adjustment in these financial statements.

Contingencies

Grants awarded by private foundations may be subject to review by these organizations or their representatives. Adjustments of amounts received could result in the event of noncompliance with budgetary constraints, purpose restrictions, or other significant terms of the agreements.

Subsequent Events

The Organization has evaluated subsequent events through January 15, 2013, the date on which the financial statements were issued.

2. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following amounts at September 30:

	2013	2012
Demand deposits	\$ 254,641	\$ 372,556
Bank deposits	126,511	226,607
Total - non endowment funds	381,152	599,163
Demand deposits	8,880	2,805
Short-term certificates of deposit	-	81,311
Money market funds	764,645	10,153
Total - endowment funds	773,525	94,266
Total Cash and Cash Equivalents	\$ 1,154,677	\$ 693,432

Cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Insurance Fund (NCUSIF) to a maximum of \$250,000 per financial institution. Certificates of deposit are insured by the Securities Investment Protection Corporation (SPIC) to a maximum of \$500,000 per financial institution. Amounts in excess of the FDIC, NCUSIF and SPIC limit throughout the year are neither insured nor collateralized. At September 30, 2013, there was \$264,645 of uninsured deposits in money market funds. There were no uninsured deposits at September 30, 2012.

Trustees for Alaska

Notes to Consolidated Financial Statements

3. Foundation Grants Receivable

Promises to give amounts in the future that are not contingent upon meeting substantive conditions consist of the following at September 30:

	2013	2012
Alaska Conservation Foundation	\$ 122,500	\$ 23,000
Oak Foundation	-	15,000
Brainerd Foundation	-	30,000
True North Foundation	70,000	-
Total Grants Receivable	\$ 192,500	\$ 68,000

4. Prepaid Expenses

Prepaid expenses consisted of the following at September 30:

	2013	2012
Security deposit	\$ 5,754	\$ 5,754
Employee benefits	2,225	656
Insurance	16,054	9,992
Other	2,794	1,015
Total	\$ 26,827	\$ 17,417

5. Leases

Capital Lease - Copier

In December 2012, the Organization entered into a new 60-month capital lease for a copy machine with minimum monthly payments of \$396 and an effective interest rate of 4%. The cost of the copier was \$21,647 and will be depreciated over an estimated 5-year useful life. As of September 30, 2013, \$3,542 of depreciation has been recorded, leaving a remaining net book value of \$18,105 at September 30, 2013. Future required minimum lease payments are as follows:

Fiscal Year Ending:

2014	\$ 4,752
2015	4,752
2016	4,752
2017	4,752
2018	794
Total value of payments to be made	19,802
Less amount representing interest	(1,530)
Present value of net minimum lease payments under capital lease	18,272
Current portion due next year	(4,112)
Long Term Portion	\$ 14,160

Trustees for Alaska

Notes to Consolidated Financial Statements

Capital Lease - Telephone System

In October 2010, the Organization acquired a telephone system by entering into a 36-month capital lease agreement with payments beginning January 2012. The system has been recorded at its cost of \$8,003 and will be depreciated over an estimated 10 year useful life. As of September 30, 2013, \$2,401 of accumulated depreciation has been recorded, leaving a remaining net book value of \$5,602 at September 30, 2013. Future minimum lease payments are as follows:

Fiscal Year Ending

2014	\$	696
Less amount representing interest		(15)
Present Value of Net Minimum Lease Payments Under Capital Lease		\$ 681

Operating Lease - Office Space

The Organization leases office space under a lease originally executed June 7, 1999. The latest amendment extends the lease for a five year period beginning August 1, 2012 and ending July 31, 2017. Future minimum required payments are as follows:

Fiscal Year Ending

2014	93,000
2015	93,500
2016	96,000
2017	80,000

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted as to time or purpose as designated by the donor. The Organization's net assets temporarily restricted for the following purposes or time periods were as follows at September 30:

	2013	2012
Mining	\$ 40,000	97,519
Marine	8,170	43,770
Website	-	3,000
Coal/global warming	126,849	-
Operational - 2014	30,000	6,000
South Central	38,384	5,927
Total	\$ 243,403	156,216

Trustees for Alaska

Notes to Consolidated Financial Statements

Net assets totaling \$604,987 and \$697,084 for fiscal years 2013 and 2012, respectively, were released from restriction as expenses satisfying the restricted purposes specified by donors were incurred.

7. In-Kind Revenue and Expense

The value of donated goods and services is as follows for the year ended September 30, 2013:

	Program Services	Support Services	Total
In-kind personnel:			
Attorneys and interns	\$ 213,076	-	213,076
Information technology	1,071	229	1,300
	\$ 214,147	229	214,376

The value of donated goods and services is as follows for the year ended September 30, 2012:

	Program Services	Support Services	Total
In-kind personnel:			
Attorneys and interns	\$ 189,340	-	189,340
Information technology	1,548	1,677	3,225
	\$ 190,888	1,677	192,565

Trustees for Alaska received the services of first and second year law students and one paralegal working on special research projects during a summer internship program in fiscal year 2013 and 2012. Some interns are compensated according to the Alaska minimum wage schedule. These services are valuable to Trustees for Alaska because they must be provided by individuals possessing specialized skills in understanding of precedent, methods of legal research and legal reasoning. If these services were purchased from a contract attorney the rate of compensation would be significantly higher than Alaska's minimum wage. The value of in-kind intern salaries in these financial statements was calculated as the difference between estimated market rates for legal research services of \$75 and amounts actually paid for hours worked.

The value of in-kind attorney services was similarly calculated as the difference between estimated fair value of attorney rates and those actually charged by contract attorneys for services provided or the estimated fair value of donated time. The in-kind contributions for other professional services were valued at the excess of market rates over amounts actually charged.

8. Endowment Fund

Trustees for Alaska established an Endowment Fund in fiscal year 2009 for the purpose of providing future revenues for organizational spending. The Trustees for Alaska Endowment Fund (TAEF), an Alaska nonprofit corporation formed as a "public charity" under section 509(a)(3) of the Internal Revenue Code was formed as a supporting organization for Trustees for Alaska. TAEF is a "Type I" supporting organization within the meaning of 509(a)(3)(B)(i).

Trustees for Alaska

Notes to Consolidated Financial Statements

The TAEF had the following endowment-related activity for the years ended September 30:

	2013	2012
Endowment net assets, beginning of year	\$ 3,639,739	\$ 3,191,771
Investment return:		
Interest and dividend income	84,098	93,836
Unrealized gain (loss) on investments	(210,098)	449,199
Realized gain (loss) on sale of investments	420,136	(8,623)
Investment fees	(33,225)	(29,094)
Total investment return	260,911	505,318
Amounts appropriated for expenditures:		
Contribution to TFA	50,000	55,000
Other expenses	3,274	2,350
Total expenditures	53,374	57,350
Endowment Net Assets, End of Year	\$ 3,847,376	\$ 3,639,739

Investment and Expenditure Policy

The purpose of the TAEF is to provide support and security for TFA in perpetuity. The Board has adopted an investment policy statement describing the goals and objectives for the assets, including the following:

- Maintain a cash reserve within TAEF in the amount of \$500,000, for use by TFA in emergency circumstances.
- Deem the remaining \$3.3 million of TAEF assets as a quasi-endowment (“endowment assets”).
- Seek returns on its endowment assets (net of the Fund’s fees, expenses, and distributions to TFA) that are in excess of the rate of inflation over the long-term investment horizon of the portfolio.
- It is the policy of the Board to provide to the Executive Director, no later than the Spring meeting, guidance as to the amount of and the restrictions (if any) on the use of the TAEF appropriation for the subsequent fiscal year. The TAEF appropriation and its use will be included as an item in the budget approved at the Fall meeting, and the appropriation will ordinarily be effective on or about October 1.
- The investment policy statement also characterizes TAEF’s risk profile as conservative. As part of this profile, a strategic asset allocation is outlined to reflect the TAEF’s preferences and directions and provide base line targets for investment managers.

Trustees for Alaska

Notes to Consolidated Financial Statements

9. Fair Value Measurements

All of the Organization's investment assets as of September 30, 2013 are classified at Level 1, as the values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date. These assets include actively-traded exchange-listed equity and debt securities. Unadjusted quoted prices for these securities are provided to the Organization by independent pricing services.

<i>Level 1 Investments</i>	2013	2012
Fixed income funds	\$ -	\$ 1,437,710
Equities and equity funds	3,072,788	2,031,300
Alternative investment funds	-	76,460
Total Investments	\$ 3,072,788	\$ 3,545,470

10. Tax-Deferred Annuity Plan

In 1994, the Organization adopted a tax-deferred annuity plan pursuant to Internal Revenue Code Section 403(b). Beginning with an employee's second year, the Organization matches employee contributions to a maximum of 3.5% of annual compensation. On October 1, 2010 the plan was amended to include part-time employees. Employer contributions totaled \$19,808 and \$20,378 for years ending September 30, 2013 and 2012, respectively.

11. Concentrations

The Organization received approximately 65% of its total revenue (excluding in-kind contributions) in fiscal year 2013 and 46% in fiscal year 2012 from three contributors. Two of the contributions in both 2013 and 2012 were received as pass-through funds from another contributor. The Organization is at risk that funding from these or other significant sources may be either reduced or eliminated in future periods.

12. Board Designated Operating Funds

Organizational fiscal policies stipulate an operational goal of three months cash designated as an operating reserve. Cash flow projections for a rolling twelve month period are prepared on a regular basis so that the Organization is aware of immediate cash needs. Based on the fiscal year 2013 and 2012 budgets and available unrestricted net assets the designated operating reserves are as follows:

	2013	2012
Available cash at end of year	\$ 381,152	599,163
Calculated reserve based on budget	339,943	276,750
Amount of Cash in Excess	41,209	322,413
Net Assets Available for Designation	\$ 381,643	489,732

Supplementary Information

Trustees for Alaska
Consolidating Statement of Financial Position

<i>September 30,</i>	2013			2012		
	Trustees for Alaska	Trustees for Alaska Endowment	Total	Trustees for Alaska	Trustees for Alaska Endowment	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 381,152	773,525	1,154,677	599,163	94,269	693,432
Receivables:						
Foundation grants	192,500	-	192,500	68,000	-	68,000
Other receivables	24,777	-	24,777	4,924	-	4,924
Prepaid expenses	25,764	1,063	26,827	17,417	-	17,417
Total current assets	624,193	774,588	1,398,781	689,504	94,269	783,773
Property and equipment	106,117	-	106,117	84,470	-	84,470
Less accumulated depreciation	(82,407)	-	(82,407)	(78,068)	-	(78,068)
Property and equipment, net	23,710	-	23,710	6,402	-	6,402
Investments	-	3,072,788	3,072,788	-	3,545,470	3,545,470
Total Assets	647,903	3,847,376	4,495,279	695,906	3,639,739	4,335,645
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	3,798	-	3,798	7,025	-	7,025
Accrued leave	33,200	-	33,200	37,212	-	37,212
Accrued payroll liabilities	131	-	131	2,043	-	2,043
Current portion, capital lease payable	4,793	-	4,793	2,899	-	2,899
Total current liabilities	41,922	-	41,922	49,179	-	49,179
Long term liabilities - capital lease payable, net of current portion	14,160	-	14,160	779	-	779
Total liabilities	56,082	-	56,082	49,958	-	49,958
Net assets:						
Unrestricted:						
Designated by the Board - endowment	-	3,847,376	3,847,376	-	3,639,739	3,639,739
Designated by the Board for operations	339,943	-	339,943	276,750	-	276,750
Undesignated	8,475	-	8,475	212,982	-	212,982
Temporarily restricted	243,403	-	243,403	156,216	-	156,216
Total net assets	591,821	3,847,376	4,439,197	645,948	3,639,739	4,285,687
Total Liabilities and Net Assets	\$ 647,903	3,847,376	4,495,279	695,906	3,639,739	4,335,645

Trustees For Alaska

Consolidating Statement of Activities

<i>Years Ended September 30,</i>	2013			2012		
	Trustees for Alaska	Trustees for Alaska Endowment	Total	Trustees for Alaska	Trustees for Alaska Endowment	Total
Revenue and support:						
Foundation grants	\$ 780,174	-	780,174	766,000	-	766,000
Contributions	183,039	(50,000)	133,039	310,547	(55,000)	255,547
In-kind revenue	214,376	-	214,376	192,565	-	192,565
Legal fees	12,451	-	12,451	118,070	-	118,070
Interest income	811	-	811	592	-	592
Other	11,944	-	11,944	22,364	-	22,364
Total revenue and support	1,202,795	(50,000)	1,152,795	1,410,138	(55,000)	1,355,138
Expenses:						
Program services:						
Arctic	232,297	-	232,297	135,954	-	135,954
Clean Air and Water	266,192	-	266,192	301,078	-	301,078
Global Warming	500,672	-	500,672	478,480	-	478,480
Marine	47,369	-	47,369	88,941	-	88,941
Wildlife	38,297	-	38,297	57,105	-	57,105
Total program services	1,084,827	-	1,084,827	1,061,558	-	1,061,558
Support services:						
General administrative	85,061	2,503	87,564	110,764	2,350	113,114
Fundraising	87,034	-	87,034	91,302	-	91,302
Total support services	172,095	2,503	174,598	202,066	2,350	204,416
Total expenses	1,256,922	2,503	1,259,425	1,263,624	2,350	1,265,974
Increase (decrease) in net assets from operating activities	(54,127)	(52,503)	(106,630)	146,514	(57,350)	89,164
Non-operating activities - gain (loss) on investments	-	260,140	260,140	-	505,318	505,318
Change in net assets	(54,127)	207,637	153,510	146,514	447,968	594,482
Net assets, beginning of year	645,948	3,639,739	4,285,687	499,434	3,191,771	3,691,205
Net assets, end of year	\$ 591,821	3,847,376	4,439,197	645,948	3,639,739	4,285,687