



Trustees for Alaska

Consolidated Financial Statements
Years Ended September 30, 2019 and 2018

Trustees for Alaska

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Trustees for Alaska

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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 statements of financial position as of September 30, 2019 and 2018, 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.

Management's Responsibility for the Consolidated 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 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 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, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Trustees for Alaska adopted Accounting Standard Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit-Entities* as of and for the year ended September 30, 2019. The requirements of ASU 2016-14 have been retrospectively applied to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

Other information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information 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 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.

BDO USA, LLP

Anchorage, Alaska
January 29, 2020

Consolidated Financial Statements

Trustees for Alaska
Consolidated Statements of Financial Position

<i>September 30,</i>	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 451,795	\$ 350,225
Receivables:		
Foundation grants	100,000	115,000
Other	14,237	10,157
Prepaid expenses	14,156	22,454
Total Current Assets	580,188	497,836
Property and equipment	73,870	72,701
Less accumulated depreciation	(56,349)	(48,831)
Property and equipment, net	17,521	23,870
Investments	6,924,984	6,915,864
Total Assets	\$ 7,522,693	\$ 7,437,570
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 21,175	\$ 11,302
Accrued payroll liabilities and leave	49,591	42,785
Current portion, capital lease payable	3,573	3,459
Total Current Liabilities	74,339	57,546
Long-term liabilities - capital lease payable, net of current portion	6,778	10,351
Total Liabilities	81,117	67,897
Net Assets		
Without donor restrictions:		
Designated by the Board - quasi-endowment	6,841,463	6,757,551
Designated by the Board for operations	150,000	150,000
Undesignated (deficit)	32,563	88,758
With donor restrictions	417,550	373,364
Total Net Assets	7,441,576	7,369,673
Total Liabilities and Net Assets	\$ 7,522,693	\$ 7,437,570

See accompanying notes to consolidated financial statements.

Trustees for Alaska
Consolidated Statements of Activities

<i>Years Ended September 30,</i>	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Foundation grants	\$ 465,090	\$ 382,300	\$ 847,390	\$ 437,500	\$ 295,000	\$ 732,500
Contributions	305,168	75,000	380,168	251,428	75,000	326,428
In-kind revenue	9,565	-	9,565	61,634	-	61,634
Interest income	127,372	6,079	133,451	105,739	34,333	140,072
Other	23,601	-	23,601	12,333	-	12,333
Net assets released from restrictions in satisfaction of program requirements	419,193	(419,193)	-	290,175	(290,175)	-
Total Revenue and Support	1,349,989	44,186	1,394,175	1,158,809	114,158	1,272,967
Expenses						
Program services:						
Arctic	585,021	-	585,021	393,840	-	393,840
Clean Air and Water	294,265	-	294,265	285,703	-	285,703
Climate Change	44,983	-	44,983	73,752	-	73,752
Marine	35,267	-	35,267	34,043	-	34,043
Wildlife	141,002	-	141,002	198,805	-	198,805
Total Program Services	1,100,538	-	1,100,538	986,143	-	986,143
Support services:						
General and administrative	141,411	-	141,411	165,692	-	165,692
Fundraising	209,361	-	209,361	178,989	-	178,989
Total Support Services	350,772	-	350,772	344,681	-	344,681
Total Expenses	1,451,310	-	1,451,310	1,330,824	-	1,330,824
Increase (decrease) in net assets from operating activities	(101,321)	44,186	(57,135)	(172,015)	114,158	(57,857)
Non-operating Activities						
Other revenue	6,296	-	6,296	13,939	-	13,939
Other expenses	(39,603)	-	(39,603)	(38,174)	-	(38,174)
Gain on investments	162,345	-	162,345	728,080	-	728,080
Change in net assets	27,717	44,186	71,903	531,830	114,158	645,988
Net Assets, beginning of year	6,996,309	373,364	7,369,673	6,464,479	259,206	6,723,685
Net Assets, end of year	\$ 7,024,026	\$ 417,550	\$ 7,441,576	\$ 6,996,309	\$ 373,364	\$ 7,369,673

See accompanying notes to consolidated financial statements.

Trustees for Alaska
Consolidated Statement of Functional Expenses

<i>Year Ended September 30, 2019</i>	Arctic	Clean Air and Water	Climate Change	Marine	Wildlife	General and Admin- istrative	Fund- Raising	Total
Salaries and benefits	\$ 448,709	\$ 205,431	\$ 40,139	\$ 19,355	\$ 99,833	\$ 104,674	\$ 132,118	\$ 1,050,259
Contract and professional	21,811	44,468	802	5,377	9,284	8,007	15,698	105,447
Occupancy costs	32,972	20,304	1,974	4,708	14,045	9,562	12,055	95,620
Travel	32,561	2,180	93	279	1,430	-	6,033	42,576
Dues and subscriptions	14,463	8,222	622	2,161	6,181	827	1,661	34,137
Equipment costs	2,895	1,724	163	409	1,216	534	22,077	29,018
Insurance	6,644	4,057	384	940	2,823	3,607	1,686	20,141
Board activities	2,689	146	52	98	273	10,076	1,720	15,054
Communications	5,772	1,983	134	374	1,140	915	1,017	11,335
In-kind IT and consulting	3,830	1,941	288	246	958	933	1,369	9,565
Case-related expenses	5,842	481	37	105	795	217	277	7,754
Printing and publications	461	265	20	61	192	127	6,463	7,589
Depreciation	2,688	1,548	119	357	1,122	738	946	7,518
Training and recruitment	1,585	390	70	546	849	924	415	4,779
Bank fees	-	-	-	-	-	-	3,949	3,949
Postage	744	297	28	62	300	124	1,611	3,166
Supplies and office expense	550	392	24	79	233	107	210	1,595
Meetings and events	805	436	34	110	328	39	56	1,808
Total Expenses	\$ 585,021	\$ 294,265	\$ 44,983	\$ 35,267	\$ 141,002	\$ 141,411	\$ 209,361	\$ 1,451,310

See accompanying notes to consolidated financial statements.

Trustees for Alaska
Consolidated Statement of Functional Expenses

<i>Year Ended September 30, 2018</i>	Arctic	Clean Air and Water	Climate Change	Marine	Wildlife	General and Admin- istrative	Fund- Raising	Total
Salaries and benefits	\$ 300,571	\$ 196,019	\$ 46,494	\$ 11,302	\$ 145,199	\$ 124,727	\$ 120,923	\$ 945,235
Occupancy costs	19,054	26,298	8,190	6,772	10,948	11,337	12,285	94,884
In-kind legal and IT	11,768	16,518	4,355	3,988	7,020	11,066	6,920	61,635
Contract and professional	8,606	13,059	3,266	4,330	9,461	8,023	5,933	52,678
Travel	23,290	2,606	105	245	1,858	146	3,428	31,678
Dues and subscriptions	8,405	8,020	2,744	883	9,531	708	1,387	31,678
Equipment costs	4,903	6,404	1,736	1,562	2,713	558	3,552	21,428
Insurance	3,756	5,273	1,390	1,273	2,241	3,670	1,541	19,144
Board activities	1,792	1,367	667	886	1,937	1,929	7,174	15,752
Communications	3,943	2,005	737	704	1,795	1,437	1,206	11,827
Printing and publications	598	664	553	288	221	379	7,726	10,429
Case-related expenses	2,180	855	1,739	158	2,920	273	296	8,421
Training and recruitment	2,217	3,022	783	736	1,328	75	81	8,242
Depreciation	1,456	2,044	539	494	869	855	927	7,184
Meetings and events	819	922	238	240	463	232	628	3,542
Bank fees	-	-	-	-	-	-	3,322	3,322
Postage	236	317	125	90	127	143	1,475	2,513
Supplies and office expense	246	310	91	92	174	134	185	1,232
Total Expenses	\$ 393,840	\$ 285,703	\$ 73,752	\$ 34,043	\$ 198,805	\$ 165,692	\$ 178,989	\$ 1,330,824

See accompanying notes to consolidated financial statements.

Trustees for Alaska
Consolidated Statements of Cash Flows

<i>Years Ended September 30,</i>	2019	2018
Cash Flows for Operating Activities		
Receipts from grants and contributions	\$ 1,242,558	\$ 1,013,928
Payments to employees and suppliers	(1,409,250)	(1,270,082)
Receipts from other revenue sources, net of attorney fees paid	25,817	18,445
Payments for investment fees	(39,603)	(38,174)
Interest and dividends received	133,451	140,072
Net Cash Flows for Operating Activities	(47,027)	(135,811)
Cash Flows from Investing Activities		
Purchases of investments	(2,511,474)	(3,894,514)
Proceeds from sale of investments	2,664,699	4,055,528
Purchases of property and equipment	(1,169)	(2,150)
Net Cash from Investing Activities	152,056	158,864
Cash Flows for Financing Activities -		
principal payments on capital lease obligations	(3,459)	(3,553)
Net change in cash and cash equivalents	101,570	19,500
Cash and Cash Equivalents, beginning of year	350,225	330,725
Cash and Cash Equivalents, end of year	\$ 451,795	\$ 350,225
Reconciliation of change in net assets to net cash for operating activities:		
Change in net assets	\$ 71,903	\$ 645,988
Adjustments to reconcile change in net assets to cash for operating activities:		
Depreciation	7,518	7,184
Realized and unrealized gains on investments	(162,345)	(728,080)
(Increase) decrease in assets:		
Foundation grants receivable	15,000	(45,000)
Other receivables	(4,080)	(7,827)
Prepaid expenses	8,298	(14,279)
Increase (decrease) in liabilities:		
Accounts payable	9,873	(3,393)
Accrued payroll liabilities and leave	6,806	9,596
Net Cash for Operating Activities	\$ (47,027)	\$ (135,811)
Supplemental Information - Cash Paid During the Year for Interest	\$ 367	\$ 427
Supplemental Disclosure of Noncash Information -		
Purchase of Property and Equipment with Capital Lease	\$ -	\$ 16,572

See accompanying notes to consolidated financial statements.

Trustees for Alaska

Notes to Consolidated Financial Statements September 30, 2019 and 2018

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Trustees for Alaska (the Organization or TFA) is a public interest law firm whose mission is to protect and defend Alaska's lands, waters, wildlife, and people. 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, climate change, 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 climate change 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.

Principles of Consolidation

The consolidated financial statements of Trustees for Alaska include the accounts of the Organization and its controlled entity, the Trustees for Alaska Endowment Fund.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent funds available for expenses which are not otherwise limited by donor restrictions.

Net assets with donor restrictions consist of contributed funds subject to specific donor restrictions contingent upon specific performance, or a future event, or a specific passage of time.

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 one year.

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 derivative 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.

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 stocks 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.

Trustees for Alaska

Notes to Consolidated Financial Statements

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 expenses 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 promises 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 individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Fee Awards

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

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.

Trustees for Alaska

Notes to Consolidated 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 29, 2020, the date on which the financial statements were available to be issued.

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, provides information about liquidity and availability of resources and improves the type of information provided about expenses and investment return. The Organization has adopted the ASU retrospectively and adjusted the presentation of these financial statements accordingly. Other than the changes to the financial statement presentation and disclosures described above, adoption of the ASU did not have a significant impact on the financial statements. There was no effect on net assets or the change in net assets for the year ended September 30, 2019.

Liquidity and Availability of Resources

Trustees for Alaska's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$	451,795
Accounts and interest receivable		14,237
Contributions receivable		100,000
Prepaid expenses		14,156
Total Financial Assets		\$ 580,188

Trustees has \$120,000 of financial assets available within one year of the statement of financial position date to meet cash needs for restricted program work in the areas of the Arctic National Wildlife Refuge, the proposed Pebble mine, and mining work expenditures consisting of cash. The contributions receivable of \$100,000 are subject to one-year time restrictions but are expected to be collected within one year, \$70,000 of which is restricted to program work in the Arctic National Wildlife Refuge and mining, and \$30,000 for general support. Trustees also has \$360,188 of financial assets available for general expenditures within one year of the statement of financial position.

Trustees also has a supporting organization, the Trustees for Alaska Endowment Fund, which is a quasi-endowment that maintains cash to meet short-term budget needs, in addition to a large corpus of long-term investments. Trustees for Alaska has a general fiscal policy of having \$150,000 in unrestricted cash available each month. Trustees also maintains the Trustees for Alaska Operating Reserve in the investment account, which as of September 30, 2019, comprised \$1,195,661. Trustees structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Trustees for Alaska

Notes to Consolidated Financial Statements

2. Cash and Cash Equivalents

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

	2019	2018
Demand deposits	\$ 370,345	\$ 135,398
Short-term certificates of deposit	-	206,610
Cash on hand	16	16
Total - non-endowment funds	370,361	342,024
Demand deposits	2,594	2,360
Money market funds	78,840	5,841
Total - endowment funds	81,434	8,201
Total Cash and Cash Equivalents	\$ 451,795	\$ 350,225

Cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Share Insurance Fund (NCUSIF) to a maximum of \$250,000 per financial institution. Certificates of deposit are insured by the Securities Investor Protection Corporation (SIPC) to a maximum of \$500,000 per financial institution. Amounts in excess of the FDIC, NCUSIF and SIPC limits throughout the year are neither insured nor collateralized. At September 30, 2019 and 2018, uninsured deposits were \$5,595 and \$0, respectively.

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:

	2019	2018
True North Foundation	\$ 100,000	\$ -
Wilburforce Foundation	-	50,000
Brainerd Foundation	-	40,000
Mifflin Memorial Fund	-	25,000
Total Grants Receivable	\$ 100,000	\$ 115,000

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Trustees for Alaska

Notes to Consolidated Financial Statements

4. Prepaid Expenses

Prepaid expenses consisted of the following at September 30:

	2019	2018
Security deposit	\$ 5,754	\$ 5,754
Employee benefits	638	-
Insurance	1,366	1,459
Software subscription	-	7,495
Rent	5,696	7,746
Other	702	-
Total	\$ 14,156	\$ 22,454

5. Leases

Capital Lease - Copier

In October 2017, the Organization entered into a 60-month capital lease for a copy machine with minimum monthly payments of \$319 and an effective interest rate of 3%. The cost of the copier was \$16,572 and is being depreciated over an estimated 5-year useful life. As of September 30, 2019, \$6,076 of depreciation has been recorded, leaving a remaining net book value of \$10,496 at September 30, 2019. Future required minimum lease payments are as follows:

Fiscal Year Ending

2020	\$ 3,573
2021	3,573
2022	3,685
Total value of payments to be made	10,831
Less amount representing interest	(480)
Present value of net minimum lease payments under capital lease	10,351
Current portion due next year	(3,573)
Long-term Portion	\$ 6,778

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 June 7, 2017 and ending August 1, 2022. Future minimum required payments are as follows:

Fiscal Year Ending

2020	\$ 95,425
2021	97,549
2022	82,766

Trustees for Alaska

Notes to Consolidated Financial Statements

6. Net Assets with Donor Restrictions - Purpose Restricted and Time Restricted

Purpose and time restricted net assets consist of grants and donations designated for specific purposes or designated to be expended in subsequent years, as of September 30, 2019 and 2018 are as follows:

	2019	2018
Grants and donations - time restricted - Operational	\$ 30,000	\$ 68,206
Grants and donations - purpose restricted - Arctic	110,000	59,491
Clean Air and Water	112,595	79,291
Colleen Burgh Fund	164,955	166,376
Total purpose restricted	387,550	305,158
Total Purpose Restricted and Time Restricted Net Assets	\$ 417,550	\$ 373,364

The Organization's net assets released from donor restrictions were as follows for the years ended September 30:

	2019	2018
Arctic	\$ 100,490	\$ 95,509
Clean Air and Water	156,696	50,709
Coal/Climate Change	30,301	72,782
Colleen Burgh Fund	7,500	6,760
Operational	109,206	54,415
Wild Lands/Wild Life	15,000	10,000
Total	\$ 419,193	\$ 290,175

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Trustees for Alaska

Notes to Consolidated Financial Statements

7. In-Kind Revenue and Expense

The value of donated goods and services is as follows for the year ended September 30, 2019:

	Program Services	Support Services	Total
In-kind personnel:			
Information technology	\$ -	\$ 565	\$ 565
Organizational consulting	-	9,000	9,000
	\$ -	\$ 9,565	\$ 9,565

The value of donated goods and services is as follows for the year ended September 30, 2018:

	Program Services	Support Services	Total
In-kind personnel:			
Legal interns	\$ 61,106	\$ -	\$ 61,106
Information technology	-	528	528
	\$ 61,106	\$ 528	\$ 61,634

Trustees for Alaska received the services of first and second year law students during a summer internship program in fiscal year 2018. The interns were paid \$13 per hour in 2018. 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 \$90 per hour and the actual rates paid.

The in-kind contributions for other professional services were valued at the excess of market rates over amounts actually charged.

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Trustees for Alaska

Notes to Consolidated Financial Statements

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).

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

	2019	2018
Endowment net assets, beginning of year	\$ 6,923,927	\$ 6,369,450
Contributions	103,618	285
Investment return:		
Interest and dividend income	133,451	140,072
Unrealized gain on investments	193,827	557,508
Realized/(loss) gain on sale of investments	(31,482)	170,572
Investment fees	(39,603)	(38,174)
Total investment return	256,193	829,978
Amounts appropriated for expenditures:		
Contribution to TFA	272,075	270,385
Other expenses	5,245	5,401
Total expenditures	277,320	275,786
Endowment Net Assets, End of Year	7,006,418	6,923,927
With Donor Restrictions for Colleen Burgh Fund	164,955	166,376
Endowment Net Assets Without Donor Restrictions, End of Year	\$ 6,841,463	\$ 6,757,551

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 total cash reserves, in the aggregate, of not less than \$150,000, for use by TFA in emergency circumstances.
- Deem the TAEF assets as a quasi-endowment (“endowment assets”). The majority of the endowment funds are internally designated and do not have restrictions on time or purpose.

Trustees for Alaska

Notes to Consolidated Financial Statements

- 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 baseline targets for investment managers.

9. Fair Value Measurements and Investments

All of the Organization's investment assets as of September 30, 2019 and 2018 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. All investment assets are held in common stocks and mutual funds across a diversified group of industries.

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 \$25,174 and \$21,786 for years ending September 30, 2019 and 2018, respectively.

11. Concentrations

The Organization received approximately 20% of its total revenue (excluding in-kind contributions) in fiscal year 2019 and 23% in fiscal year 2018 from three contributors.

12. Board Designated Operating Funds

Effective 2014, organizational fiscal policies were accepted, requiring cash reserves of not less than \$150,000 for use in emergency circumstances. TFA has designated an equivalent amount of net assets to represent this reserve.

Trustees for Alaska

Notes to Consolidated Financial Statements

13. Upcoming Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Entities until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash*. This ASU was issued to address diversity in practice with regard to the classification and presentation of changes in restricted cash on the statement of cash flows. The provisions of the ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. To meet this requirement, amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied on a retrospective transition method to each period presented.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The standard also requires lessors to treat a lease as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing. If the lessor doesn't convey risks and rewards or control, an operating lease results. The guidance is effective for the fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of their pending adoption of the new standard on their consolidated financial statements.

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Supplementary Information

Trustees for Alaska
Consolidating Statements of Financial Position

<i>September 30,</i>	2019			2018		
	Trustees for Alaska	Trustees for Alaska Endowment	Total	Trustees for Alaska	Trustees for Alaska Endowment	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 370,361	\$ 81,434	\$ 451,795	\$ 342,024	\$ 8,201	\$ 350,225
Receivables:						
Foundation grants	100,000	-	100,000	115,000	-	115,000
Other receivables	14,237	-	14,237	10,157	-	10,157
Prepaid expenses	14,156	-	14,156	22,454	-	22,454
Total Current Assets	498,754	81,434	580,188	489,635	8,201	497,836
Property and equipment	73,870	-	73,870	72,701	-	72,701
Less accumulated depreciation	(56,349)	-	(56,349)	(48,831)	-	(48,831)
Property and equipment, net	17,521	-	17,521	23,870	-	23,870
Investments	-	6,924,984	6,924,984	-	6,915,864	6,915,864
Total Assets	\$ 516,275	\$ 7,006,418	\$ 7,522,693	\$ 513,505	\$ 6,924,065	\$ 7,437,570
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	\$ 21,175	\$ -	\$ 21,175	\$ 11,164	\$ 138	\$ 11,302
Accrued payroll liabilities and leave	49,591	-	49,591	42,785	-	42,785
Current portion, capital lease payable	3,573	-	3,573	3,459	-	3,459
Total Current Liabilities	74,339	-	74,339	57,408	138	57,546
Long-term Liabilities - capital lease payable, net of current portion	6,778	-	6,778	10,351	-	10,351
Total Liabilities	81,117	-	81,117	67,759	138	67,897
Net Assets						
Without donor restrictions:						
Designated by the Board - quasi-endowment	-	6,841,463	6,841,463	-	6,757,551	6,757,551
Designated by the Board for operations	150,000	-	150,000	150,000	-	150,000
Undesignated (deficit)	32,563	-	32,563	88,758	-	88,758
With donor restrictions	252,595	164,955	417,550	206,988	166,376	373,364
Total Net Assets	435,158	7,006,418	7,441,576	445,746	6,923,927	7,369,673
Total Liabilities and Net Assets	\$ 516,275	\$ 7,006,418	\$ 7,522,693	\$ 513,505	\$ 6,924,065	\$ 7,437,570

Trustees for Alaska
Consolidating Statements of Activities

Years Ended September 30,	2019				2018			
	Trustees for Alaska	Trustees for Alaska Endowment	Eliminations	Total	Trustees for Alaska	Trustees for Alaska Endowment	Eliminations	Total
Revenue and Support								
Foundation grants	\$ 847,390	\$ -	\$ -	\$ 847,390	\$ 732,500	\$ -	\$ -	\$ 732,500
Contributions *	548,625	103,618	(272,075)	380,168	596,528	285	(270,385)	326,428
Colleen Burgh Fund	-	-	-	-	-	-	-	-
In-kind revenue	9,565	-	-	9,565	61,634	-	-	61,634
Interest income	-	133,451	-	133,451	-	140,072	-	140,072
Other	23,601	-	-	23,601	12,333	-	-	12,333
Total Revenue and Support	1,429,181	237,069	(272,075)	1,394,175	1,402,995	140,357	(270,385)	1,272,967
Expenses								
Program Services								
Arctic	585,021	-	-	585,021	393,840	-	-	393,840
Clean Air and Water	294,265	-	-	294,265	285,703	-	-	285,703
Climate Change	44,983	-	-	44,983	73,752	-	-	73,752
Marine	35,267	-	-	35,267	34,043	-	-	34,043
Wildlife	141,002	-	-	141,002	198,805	-	-	198,805
Total Program Services	1,100,538	-	-	1,100,538	986,143	-	-	986,143
Support Services								
General and administrative	136,166	5,245	-	141,411	160,291	5,401	-	165,692
Fundraising	209,361	-	-	209,361	178,989	-	-	178,989
Total Support Services	345,527	5,245	-	350,772	339,280	5,401	-	344,681
Total Expenses	1,446,065	5,245	-	1,451,310	1,325,423	5,401	-	1,330,824
Increase (decrease) in net assets from operating activities	(16,884)	231,824	(272,075)	(57,135)	77,572	134,956	(270,385)	(57,857)
Non-operating Activities:								
Contribution to TFA *	-	(272,075)	272,075	-	-	(270,385)	270,385	-
Other revenue	6,296	-	-	6,296	13,939	-	-	13,939
Other expenses	-	(39,603)	-	(39,603)	-	(38,174)	-	(38,174)
Gain on investments	-	162,345	-	162,345	-	728,080	-	728,080
Change in net assets	(10,588)	82,491	-	71,903	91,511	554,477	-	645,988
Net Assets, beginning of year	445,746	6,923,927	-	7,369,673	354,235	6,369,450	-	6,723,685
Net Assets, end of year	\$ 435,158	\$ 7,006,418	\$ -	\$ 7,441,576	\$ 445,746	\$ 6,923,927	\$ -	\$ 7,369,673

* The elimination represents the contribution from Trustees for Alaska Endowment to Trustees for Alaska.