

TRUSTEES FOR ALASKA

Financial Statements

Years Ended
September 30, 2010 and 2009

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TRUSTEES FOR ALASKA

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Independent Auditors' Report

Board of Directors
Trustees for Alaska
Anchorage, Alaska

We have audited the accompanying statements of financial position for Trustees for Alaska, as of September 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Trustees for Alaska's management. Our responsibility is to express an opinion on these financial statements based upon our audit. The financial statements for the year ended September 30, 2009, were audited by other auditors, and they expressed an unqualified opinion on them in their report dated January 15, 2010, but they have not performed any auditing procedures since that date.

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 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 Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Trustees for Alaska as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
Trustees for Alaska

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining information on pages 18 and 19 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mikunda, Cottrell & Co.

Anchorage, Alaska
January 6, 2011

TRUSTEES FOR ALASKA
Statements of Financial Position
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,187,738	202,988
Receivables:		
Foundation grants	85,000	107,260
Pledges (net of allowance of \$1,654 and \$1,294 respectively)	-	5,288
Receivable from sale of investment	1,778,187	-
Other receivable	364	1,153
Prepaid expenses	10,518	19,953
Total current assets	<u>4,061,807</u>	<u>336,642</u>
Non-current assets:		
Foundation grant receivable	-	38,260
Stock ownership - Endowment (see note 8)	-	3,052,746
Total non-current assets	<u>-</u>	<u>3,091,006</u>
Property and equipment	76,467	76,467
Less accumulated depreciation	<u>(76,467)</u>	<u>(76,467)</u>
Total assets	<u>\$ 4,061,807</u>	<u>3,427,648</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	30,883	6,980
Accrued leave	17,960	18,659
Accrued payroll liabilities	1,624	1,644
Total current liabilities	<u>50,467</u>	<u>27,283</u>
Net assets:		
Unrestricted:		
Designated by the Board - Endowment	3,508,844	3,052,746
Designated by the Board for operations	179,574	121,608
Temporarily restricted	322,922	226,011
Total net assets	<u>4,011,340</u>	<u>3,400,365</u>
Total liabilities and net assets	<u>\$ 4,061,807</u>	<u>3,427,648</u>

See accompanying notes to financial statements.

TRUSTEES FOR ALASKA
 Statements of Activities
 Years Ended September 30, 2010 and 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Foundation grants	\$ 168,000	704,001	872,001	145,100	432,020	577,120
Contributions:						
Stock (see note 8)	-	-	-	2,532,519	-	2,532,519
Other	251,409	-	251,409	180,076	30,200	210,276
Fees	-	-	-	3,084	-	3,084
In-kind revenue	159,803	-	159,803	384,657	-	384,657
Interest income	4,774	-	4,774	1,086	-	1,086
Other	9,818	-	9,818	64,146	-	64,146
Net assets released from restrictions in satisfaction of program requirements	<u>607,090</u>	<u>(607,090)</u>	<u>-</u>	<u>411,870</u>	<u>(411,870)</u>	<u>-</u>
Total revenue and support	<u>1,200,894</u>	<u>96,911</u>	<u>1,297,805</u>	<u>3,722,538</u>	<u>50,350</u>	<u>3,772,888</u>
Expenses:						
Program services:						
Arctic	81,095	-	81,095	102,771	-	102,771
Clean Air and Water	525,639	-	525,639	549,515	-	549,515
Global Warming	269,931	-	269,931	338,530	-	338,530
Marina	38,464	-	38,464	52,569	-	52,569
Public Lands	15,888	-	15,888	41,226	-	41,226
Wildlife	18,682	-	18,682	57,748	-	57,748
Statewide	15,303	-	15,303	18,285	-	18,285
Total program services	<u>965,002</u>	<u>-</u>	<u>965,002</u>	<u>1,160,644</u>	<u>-</u>	<u>1,160,644</u>
Support services:						
General and administrative	102,162	-	102,162	91,423	-	91,423
Fundraising	94,593	-	94,593	36,266	-	36,266
Total support services	<u>196,755</u>	<u>-</u>	<u>196,755</u>	<u>127,689</u>	<u>-</u>	<u>127,689</u>
Total expenses	<u>1,161,757</u>	<u>-</u>	<u>1,161,757</u>	<u>1,288,333</u>	<u>-</u>	<u>1,288,333</u>
Increase in net assets from operating activities	39,137	96,911	136,048	2,434,205	50,350	2,484,555
Non-operating activities - gain on investment	<u>474,927</u>	<u>-</u>	<u>474,927</u>	<u>520,227</u>	<u>-</u>	<u>520,227</u>
Change in net assets	514,064	96,911	610,975	2,954,432	50,350	3,004,782
Net assets, beginning of year	<u>3,174,354</u>	<u>226,011</u>	<u>3,400,365</u>	<u>219,922</u>	<u>175,661</u>	<u>395,583</u>
Net assets, end of year	<u>\$ 3,688,418</u>	<u>322,922</u>	<u>4,011,340</u>	<u>3,174,354</u>	<u>226,011</u>	<u>3,400,365</u>

See accompanying notes to financial statements.

TRUSTEES FOR ALASKA
Statement of Functional Expenses
Year Ended September 30, 2010

	Arctic	Clean Air and Water	Global Warming	Marina	Public Lands	Wildlife	Statewide	General and Admin- istrative	Fund- Raising	Total
Salaries and benefits	\$ 51,230	270,169	168,676	19,339	8,809	9,731	9,308	54,404	63,020	654,686
Contract and professional	3,825	57,767	11,656	1,647	755	878	1,055	24,438	5,608	107,629
In-kind legal and management support	8,539	104,379	31,165	9,052	406	4,436	180	765	881	159,803
Occupancy costs	6,131	24,566	27,528	4,797	3,410	2,065	2,751	11,274	9,524	92,046
Training and recruitment	34	140	279	30	23	10	10	1,756	474	2,756
Communications	646	3,426	3,147	537	354	206	230	2,108	959	11,613
Insurance	791	4,388	4,163	582	400	291	436	1,633	450	13,134
Library	1,151	5,579	5,717	942	625	373	440	-	-	14,827
Equipment maintenance and depreciation	27	109	124	23	17	8	8	33	38	387
Travel	5,457	16,849	7,092	269	205	103	99	102	2,613	32,789
Printing and publications	91	7,462	758	78	58	30	26	288	5,835	14,626
Supplies and office expense	225	1,224	1,111	183	121	74	88	335	341	3,702
Dues and subscriptions	72	467	409	48	30	31	52	114	131	1,354
Board activities	6	25	28	5	4	2	2	3,913	(21)	3,964
Other	2,772	27,670	7,468	853	614	407	578	467	1,318	42,147
Postage	98	1,419	610	79	57	37	40	289	2,177	4,806
Interest and bank charges	-	-	-	-	-	-	-	243	1,245	1,488
Total expenses	<u>\$ 81,095</u>	<u>525,639</u>	<u>269,931</u>	<u>38,464</u>	<u>15,888</u>	<u>18,682</u>	<u>15,303</u>	<u>102,162</u>	<u>94,593</u>	<u>1,161,757</u>

See accompanying notes to financial statements.

TRUSTEES FOR ALASKA
Statement of Functional Expenses
Year Ended September 30, 2009

	Clean Air and			Global				Public			Wildlife			Statewide			General and		Fund-Raising	Total
	Arctic	Water		Warming	Marina	Lands		Wildlife	Statewide	Administrative	Raising									
Salaries and benefits	\$ 49,325	232,537	168,987	29,037	23,280	31,256	7,911	15,768	7,030	565,131										
Contract and professional	180	2,635	35,917	253	337	320	211	45,633	1,353	86,839										
In-kind legal and management support	25,428	227,490	76,501	14,740	11,042	16,653	4,322	6,507	1,974	384,657										
Occupancy costs	7,810	36,992	26,415	4,585	3,857	5,242	1,225	2,340	884	89,350										
Training and recruitment	304	1,364	893	168	117	188	39	260	7	3,340										
Communications	848	4,556	3,332	456	343	522	205	1,110	67	11,439										
Insurance	859	4,137	2,987	505	407	574	126	5,063	87	14,745										
Library	761	5,728	2,736	503	593	891	333	86	8	11,639										
Equipment maintenance and depreciation	758	3,669	2,561	427	325	492	142	1,744	522	10,640										
Travel	15,835	15,980	10,447	1,347	646	807	287	5,983	11,370	62,702										
Printing and publications	32	7,275	881	18	13	289	4	545	7,983	17,040										
Supplies and office expense	137	1,017	470	77	59	89	16	307	81	2,253										
Dues and subscriptions	284	1,767	871	327	113	180	35	233	812	4,622										
Board activities	-	-	-	-	-	-	-	3,292	-	3,292										
Other	127	2,154	4,946	79	54	82	3,420	1,184	3	12,049										
Postage	83	2,214	586	47	40	163	9	353	2,737	6,232										
Interest and bank charges	-	-	-	-	-	-	-	1,015	1,348	2,363										
Total expenses	\$ 102,771	549,515	338,530	52,569	41,226	57,748	18,285	91,423	36,266	1,288,333										

See accompanying notes to financial statements.

TRUSTEES FOR ALASKA
Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 136,048	2,484,555
(Increase) decrease in assets:		
Foundation grants receivable	60,520	(25,520)
Pledges receivable	5,288	104,920
Other receivables	789	87
Prepaid expenses	9,435	6,428
Increase (decrease) in liabilities:		
Accounts payable	23,903	(3,966)
Other liabilities	(20)	9,646
Accrued leave	(699)	419
Net cash provided by operating activities	<u>235,264</u>	<u>2,576,569</u>
Cash flows from investing activities:		
Receipt of payment on endowment asset sale	1,749,486	-
Investment in endowment	<u>-</u>	<u>(2,532,519)</u>
Net cash provided (used) by investing activities	<u>1,749,486</u>	<u>(2,532,519)</u>
Net change in cash and cash equivalents	1,984,750	44,050
Cash and cash equivalents, beginning of year	<u>202,988</u>	<u>158,938</u>
Cash and cash equivalents, end of year	\$ <u><u>2,187,738</u></u>	<u><u>202,988</u></u>

See accompanying notes to financial statements.

TRUSTEES FOR ALASKA

Notes to Financial Statements

September 30, 2010 and 2009

(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. Founding 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 and it is classified as a Section 509(a)(3) "Type I" supporting organization by the Internal Revenue Service to Trustees for Alaska. 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 six 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, parks, wildlife refuges, forests, rivers and other public lands and waters
- Assuring clean air, clean water, and continued access to subsistence resources
- Promoting biodiversity for Alaska's wildlife

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.

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.

TRUSTEES FOR ALASKA

Notes to Financial Statements, continued

Summary of Significant Accounting Policies, continued

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 Foundation grants receivable 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.

Equipment

Equipment, 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 (three to five years). The cost of maintenance and repairs is charged to expense when incurred.

TRUSTEES FOR ALASKA

Notes to Financial Statements, continued

Summary of Significant Accounting Policies, continued

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.

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 Financial Statements, continued

Summary of Significant Accounting Policies, continued

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 6, 2011, 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:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 311,104	117,855
Money market funds	<u>145,977</u>	<u>85,133</u>
Total – non-endowment funds	<u>457,081</u>	<u>202,988</u>
Demand deposits	27,965	-
Short-term certificates of deposit	496,115	-
Bank deposits	<u>1,206,577</u>	<u>-</u>
Total –endowment funds	<u>1,730,657</u>	<u>-</u>
Total cash and cash equivalents	\$ <u>2,187,738</u>	<u>202,988</u>

Cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) 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. Bank deposits in the endowment accounts are covered by FDIC insurance. Amounts in excess of the FDIC and SPIC limit throughout the year are neither insured nor collateralized. There were no uninsured deposits at September 30, 2010 and 2009.

TRUSTEES FOR ALASKA

Notes to Financial Statements, continued

(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:

	<u>2010</u>	<u>2009</u>
Alaska Conservation Foundation	\$ -	50,000
True North Foundation	40,000	76,520
Wilburforce Foundation	<u>45,000</u>	<u>19,000</u>
Total grants receivable	85,000	145,520
Less noncurrent portion	<u>-</u>	<u>(38,260)</u>
Total	\$ <u>85,000</u>	<u>107,260</u>

Foundation grants receivable are restricted for the following purposes:

	<u>2010</u>	<u>2009</u>
Mining	\$ 40,000	76,520
Arctic	<u>45,000</u>	<u>19,000</u>
Total	85,000	95,520
Unrestricted	<u>-</u>	<u>50,000</u>
Total	\$ <u>85,000</u>	<u>145,520</u>

Management believes all amounts to be collectible; therefore no allowance for uncollectible accounts has been recorded. Amounts due within one year from the balance sheet date are shown as current assets in the statement of financial position.

(4) **Prepaid Expenses**

Prepaid expenses consisted of the following at September 30:

	<u>2010</u>	<u>2009</u>
Rent	\$ -	1,800
Security deposit	5,754	5,754
Employee benefits	477	5,509
Insurance	2,125	2,342
Other	<u>2,162</u>	<u>4,548</u>
Total	\$ <u>10,518</u>	<u>19,953</u>

TRUSTEES FOR ALASKA

Notes to Financial Statements, continued

(5) **Leases**

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 three (3) year period beginning August 1, 2009 and ending July 31, 2012. The tenant agrees to pay the Landlord as follows:

August 1, 2010 – July 31, 2011	\$ 83,400
August 1, 2011 – July 31, 2012	<u>87,000</u>
	<u>\$ 170,400</u>

Operating Lease – Copier

In February 2008, the Organization acquired the use of a copy machine pursuant to the terms of a non-cancelable operating lease agreement requiring minimum monthly payments of \$399. Lease expense under these agreements totaled \$4,784 and \$6,385 for fiscal years 2010 and 2009, respectively. Future minimum lease payments are as follows:

Fiscal Year Ending:

2011	\$ 4,788
2012	4,788
2013	<u>1,995</u>
	<u>\$ 11,571</u>

(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 were as follows at September 30:

	<u>2010</u>	<u>2009</u>
Arctic Alaska	\$ 48,358	20,463
Mining	77,524	116,520
Coal Project	106,923	77,152
South Central	32,838	7,027
Pebble Mine	57,279	-
E. Director Search and Training	-	943
Laptops and equipment	-	2,400
Endowment fund	-	<u>1,506</u>
Total	<u>\$ 322,922</u>	<u>226,011</u>

Net assets totaling \$607,090 and \$411,870 for fiscal years 2010 and 2009, respectively, were released from restriction as expenses satisfying the restricted purposes specified by donors were incurred.

TRUSTEES FOR ALASKA

Notes to Financial Statements, continued

(7) **In-kind Revenue and Expense**

The value of donated goods and services is as follows for the year ended September 30, 2010:

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
In-kind personnel:			
Attorneys and interns	\$ 147,629	-	147,629
Management support	3,174	-	3,174
Information technology	<u>7,290</u>	<u>1,710</u>	<u>9,000</u>
	<u>\$ 158,093</u>	<u>1,710</u>	<u>159,803</u>

The value of donated goods and services is as follows for the year ended September 30, 2009:

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
In-kind personnel:			
Attorneys and interns	\$ 329,139	-	329,139
Management support	18,571	18,572	37,143
Information technology	<u>14,958</u>	<u>3,417</u>	<u>18,375</u>
	<u>\$ 362,668</u>	<u>21,989</u>	<u>384,657</u>

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 2010 and 2009. 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.

TRUSTEES FOR ALASKA

Notes to Financial Statements, continued

(8) **Endowment Fund and Investment Receivable**

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). In 2009, TAEF held non-managing membership units with 99.99% interest in three Oshima General Holding LLCs, whose only assets are 3,500,000 shares of Allied Telesis KK for a total of 10,500,000 shares. The value of the investment donated to TAEF was valued at the current market value of the stock minus the blockage discount of 45.5% determined by appraisers.

In the year ended September 30, 2010, the TAEF had the following endowment-related activity:

	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,506	3,052,746	3,054,252
Investment return:			
Interest income	-	2,691	2,691
Gain on sale of investments	-	474,927	474,927
Amounts appropriated for expenditures	<u>1,506</u>	<u>21,520</u>	<u>23,026</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>3,508,844</u>	<u>3,508,844</u>

(9) **Receivable From Sale of Investment**

On December 21, 2009, TAEF entered into a purchase agreement whereby TAEF agreed to sell the interest in the three Oshima General Holding, LLCs’ to Oshima for a total of \$3,527,673 including interest. The first payment of \$1,749,486 was received on May 17, 2010 and the second payment in the amount of \$1,778,187 was received on November 16, 2010. Transfer of the ownership interest was executed after the final payment was received. At September 30, 2010, the amount remaining to be paid was recorded as a receivable from the sale of investment. A gain of \$474,927 has been recorded for the fiscal year ended September 30, 2010 to reflect this transaction.

(10) **Fair Value Measurements**

The carrying amount of the membership units in the three Oshima General Holding LLCs at September 30, 2009 was based on the market value of the underlying shares of stock in Allied Telesis Holdings KK as reported on the Tokyo Stock Exchange discounting by 45.5% due to the lack of a market for such membership units. The carrying amount of \$3,052,746 at September 30, 2009 is based on significant unobservable inputs and was classified as a Level 3 investment.

TRUSTEES FOR ALASKA

Notes to Financial Statements, continued

(11) **Tax-Deferred Annuity Plan**

In 1994, the Organization adopted a tax-deferred annuity plan pursuant to Internal Revenue Code Section 403(b). The plan covers all employees. Beginning with an employee's second year, the Organization matches employee contributions to a maximum of 3.5% of annual compensation. Employer contributions totaled \$7,290 and \$7,847 for fiscal years 2010 and 2009, respectively.

(12) **Concentrations**

The Organization received approximately 58% of its total revenue (excluding in-kind contributions) from five contributors in fiscal year 2010 and 54% from seven contributors in fiscal year 2009. Two of the contributions in 2010 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.

(13) **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 2011 and 2010 budgets and available unrestricted net assets the designated operating reserves are as follows:

	<u>2010</u>	<u>2009</u>
Available cash at end of year	\$ 457,081	202,988
Calculated reserve based on budget	<u>225,000</u>	<u>225,000</u>
Amount of cash in excess (shortfall)	\$ <u>232,081</u>	<u>(22,012)</u>
Net assets available for designation	\$ <u>179,574</u>	<u>121,608</u>

SUPPLEMENTARY INFORMATION

TRUSTEES FOR ALASKA
Combining Schedule of Financial Position
September 30, 2010 and 2009

	2010			2009		
	Trustees for Alaska	Trustees for Alaska Endowment	Total	Trustees for Alaska	Trustees for Alaska Endowment	Total
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 457,081	1,730,657	2,187,738	201,482	1,506	202,988
Receivables:						
Foundation grants	85,000	-	85,000	107,260	-	107,260
Pledges (net of allowance of \$1,654 and \$1,294 respectively)	-	-	-	5,288	-	5,288
Receivable from sale of investment	-	1,778,187	1,778,187	-	-	-
Other receivables	364	-	364	1,153	-	1,153
Prepaid expenses	10,518	-	10,518	19,953	-	19,953
Total current assets	<u>552,963</u>	<u>3,508,844</u>	<u>4,061,807</u>	<u>335,136</u>	<u>1,506</u>	<u>336,642</u>
Non-current assets:						
Foundation grant receivable	-	-	-	38,260	-	38,260
Stock ownership - Endowment	-	-	-	-	3,052,746	3,052,746
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,260</u>	<u>3,052,746</u>	<u>3,091,006</u>
Property and equipment, net	76,467	-	76,467	76,467	-	76,467
Less accumulated depreciation	<u>(76,467)</u>	<u>-</u>	<u>(76,467)</u>	<u>(76,467)</u>	<u>-</u>	<u>(76,467)</u>
Total assets	<u>\$ 552,963</u>	<u>3,508,844</u>	<u>4,061,807</u>	<u>373,396</u>	<u>3,054,252</u>	<u>3,427,648</u>
<u>Liabilities and Net Assets</u>						
Current liabilities:						
Accounts payable	30,883	-	30,883	6,980	-	6,980
Accrued leave	17,960	-	17,960	18,659	-	18,659
Accrued payroll liabilities	1,624	-	1,624	1,644	-	1,644
Total current liabilities	<u>50,467</u>	<u>-</u>	<u>50,467</u>	<u>27,283</u>	<u>-</u>	<u>27,283</u>
Net assets:						
Unrestricted:						
Designated by the Board - Endowment	-	3,508,844	3,508,844	-	3,052,746	3,052,746
Designated by the Board for operations	179,574	-	179,574	121,508	-	121,508
Temporarily restricted	322,922	-	322,922	224,605	1,506	226,111
Total net assets	<u>502,496</u>	<u>3,508,844</u>	<u>4,011,340</u>	<u>346,113</u>	<u>3,054,252</u>	<u>3,400,365</u>
Total liabilities and net assets	<u>\$ 552,963</u>	<u>3,508,844</u>	<u>4,061,807</u>	<u>373,396</u>	<u>3,054,252</u>	<u>3,427,648</u>

TRUSTEES FOR ALASKA
Combining Schedule of Activities
Years Ended September 30, 2010 and 2009

	2010			2009		
	Trustees for Alaska	Trustees for Alaska Endowment	Total	Trustees for Alaska	Trustees for Alaska Endowment	Total
Revenue and support:						
Foundation grants	\$ 872,001	-	872,001	577,120	-	577,120
Contributions	251,409	-	251,409	185,176	2,557,619	2,742,795
Fees	-	-	-	3,084	-	3,084
In-kind revenue	159,803	-	159,803	384,657	-	384,657
Interest income	2,083	2,691	4,774	1,086	-	1,086
Other	9,818	-	9,818	64,146	-	64,146
Total revenue and support	<u>1,295,114</u>	<u>2,691</u>	<u>1,297,805</u>	<u>1,215,269</u>	<u>2,557,619</u>	<u>3,772,888</u>
Expenses:						
Program services:						
Arctic	81,095	-	81,095	102,771	-	102,771
Clean Air and Water	525,639	-	525,639	549,515	-	549,515
Global Warming	269,931	-	269,931	338,530	-	338,530
Marine	38,464	-	38,464	52,569	-	52,569
Public Land	15,888	-	15,888	41,226	-	41,226
Wildlife	18,682	-	18,682	57,748	-	57,748
Statewide	15,303	-	15,303	18,285	-	18,285
Total program services	<u>965,002</u>	<u>-</u>	<u>965,002</u>	<u>1,160,644</u>	<u>-</u>	<u>1,160,644</u>
Support services:						
General administrative	79,136	23,026	102,162	67,829	23,594	91,423
Fundraising	94,593	-	94,593	36,266	-	36,266
Total support services	<u>173,729</u>	<u>23,026</u>	<u>196,755</u>	<u>104,095</u>	<u>23,594</u>	<u>127,689</u>
Total expenses	<u>1,138,731</u>	<u>23,026</u>	<u>1,161,757</u>	<u>1,264,739</u>	<u>23,594</u>	<u>1,288,333</u>
Increase (decrease) in net assets from operating activities	156,383	(20,335)	136,048	(49,470)	2,534,025	2,484,555
Non-operating activities - gain on investment	-	474,927	474,927	-	520,227	520,227
Change in net assets	156,383	454,592	610,975	(49,470)	3,054,252	3,004,782
Net assets, beginning of year	346,113	3,054,252	3,400,365	395,583	-	395,583
Net assets, end of year	\$ 502,496	3,508,844	4,011,340	346,113	3,054,252	3,400,365