

**TRUSTEES FOR ALASKA**

Financial Statements

Years Ended  
September 30, 2011 and 2010

(This page left blank intentionally)

# TRUSTEES FOR ALASKA

## Table of Contents

	<u>Page</u>
<b><u>Independent Auditors' Report</u></b>	1
<b><u>Financial Statements:</u></b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-17
<b><u>Supplementary Information:</u></b>	
Combining Schedule:	
Schedule of Financial Position	19
Schedule of Activities	20

(This page left blank intentionally)

Independent Auditors' Report

Board of Directors  
Trustees for Alaska  
Anchorage, Alaska

We have audited the accompanying consolidated statements of financial position of Trustees for Alaska and Trustees for Alaska Endowment Fund as of September 30, 2011 and 2010, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trustees for Alaska as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Consolidating Statements of Financial Position on page 19 and the Consolidating Statements of Activities on page 20 are presented for the purposes of additional analysis and are 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  
February 2, 2012

(This page left blank intentionally)

**TRUSTEES FOR ALASKA**  
**Statements of Financial Position**  
**September 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 490,894	2,187,738
Receivables:		
Foundation grants	95,000	85,000
Receivable from sale of investment	-	1,778,187
Other receivable	6,397	364
Prepaid expenses	<u>23,170</u>	<u>10,518</u>
Total current assets	<u>615,461</u>	<u>4,061,807</u>
Property and equipment	84,470	76,467
Less accumulated depreciation	<u>(77,268)</u>	<u>(76,467)</u>
Property and equipment, net	<u>7,202</u>	<u>-</u>
Investments	<u>3,106,210</u>	<u>-</u>
Total assets	<u>\$ 3,728,873</u>	<u>4,061,807</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	7,343	30,883
Accrued leave	22,796	17,960
Accrued payroll liabilities	1,271	1,624
Current portion, capital lease payable	<u>2,580</u>	<u>-</u>
Total current liabilities	33,990	50,467
Long term liabilities - capital lease payable, net current portion	<u>3,678</u>	<u>-</u>
Total liabilities	<u>37,668</u>	<u>50,467</u>
Net assets:		
Unrestricted:		
Designated by the Board - endowment	3,191,771	3,508,844
Designated by the Board for operations	206,134	179,574
Temporarily restricted	<u>293,300</u>	<u>322,922</u>
Total net assets	<u>3,691,205</u>	<u>4,011,340</u>
Total liabilities and net assets	<u>\$ 3,728,873</u>	<u>4,061,807</u>

See accompanying notes to financial statements.

**TRUSTEES FOR ALASKA**  
 Statements of Activities  
 Years Ended September 30, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Foundation grants	\$ 110,500	590,100	700,600	168,000	704,001	872,001
Contributions	297,203	-	297,203	251,409	-	251,409
In-kind revenue	184,194	-	184,194	159,803	-	159,803
Interest income	87,095	-	87,095	4,774	-	4,774
Other	17,959	-	17,959	9,818	-	9,818
Net assets released from restrictions in satisfaction of program requirements	619,722	(619,722)	-	607,090	(607,090)	-
Total revenue and support	<u>1,316,673</u>	<u>(29,622)</u>	<u>1,287,051</u>	<u>1,200,894</u>	<u>96,911</u>	<u>1,297,805</u>
Expenses:						
Program services:						
Arctic	84,281	-	84,281	81,095	-	81,095
Clean Air and Water	517,031	-	517,031	525,639	-	525,639
Global Warming	361,596	-	361,596	269,931	-	269,931
Marine	63,203	-	63,203	38,464	-	38,464
Public Lands	-	-	-	15,888	-	15,888
Wildlife	71,871	-	71,871	18,682	-	18,682
Statewide	63	-	63	15,303	-	15,303
Total program services	<u>1,098,045</u>	<u>-</u>	<u>1,098,045</u>	<u>965,002</u>	<u>-</u>	<u>965,002</u>
Support services:						
General and administrative	127,405	-	127,405	102,162	-	102,162
Fundraising	84,649	-	84,649	94,593	-	94,593
Total support services	<u>212,054</u>	<u>-</u>	<u>212,054</u>	<u>196,755</u>	<u>-</u>	<u>196,755</u>
Total expenses	<u>1,310,099</u>	<u>-</u>	<u>1,310,099</u>	<u>1,161,757</u>	<u>-</u>	<u>1,161,757</u>
Increase (decrease) in net assets from operating activities	6,574	(29,622)	(23,048)	39,137	96,911	136,048
Non-operating activities - gain (loss) on investments	(297,087)	-	(297,087)	474,927	-	474,927
Change in net assets	(290,513)	(29,622)	(320,135)	514,064	96,911	610,975
Net assets, beginning 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>
Net assets, end of year	\$ <u>3,397,905</u>	<u>293,300</u>	<u>3,691,205</u>	<u>3,688,418</u>	<u>322,922</u>	<u>4,011,340</u>

See accompanying notes to financial statements.



**TRUSTEES FOR ALASKA**  
Statement of Functional Expenses  
Year Ended September 30, 2011

	Arctic	Clean Air and Water	Global Warming	Marine	Wildlife	Statewide	General and Admin- istrative	Fund- Raising	Total
Salaries and benefits	\$ 46,691	240,925	237,816	30,406	43,047	15	89,507	60,796	749,203
Contract and professional	5,491	64,787	9,055	1,764	565	-	7,071	4,021	92,754
In-kind legal and management support	8,775	76,246	55,796	17,012	24,761	-	1,327	277	184,194
Court costs	832	68,880	509	92	2	-	3	2	70,320
Occupancy costs	5,941	33,446	32,709	6,340	2,017	-	11,212	8,157	99,822
Training and recruitment	452	2,539	2,827	482	153	-	160	142	6,755
Communications	855	3,402	3,335	1,378	221	-	2,550	815	12,556
Insurance	536	2,387	2,569	524	288	44	2,956	(126)	9,178
Library	1,015	4,842	5,542	1,080	346	-	-	-	12,825
Equipment maintenance and depreciation	30	167	164	32	10	-	56	41	500
Travel	12,147	9,135	3,994	2,683	1	-	806	4,936	33,702
Printing and publications	59	1,328	324	63	20	-	111	3,304	5,209
Supplies and office expense	239	1,602	1,314	255	81	-	451	328	4,270
Dues and subscriptions	89	499	488	95	30	-	218	122	1,541
Board activities	-	-	-	-	-	-	4,168	-	4,168
Other	1,028	5,441	4,609	892	286	-	4,695	459	17,410
Postage	101	1,405	545	105	43	4	201	1,090	3,494
Interest and bank charges	-	-	-	-	-	-	1,913	285	2,198
Total expenses	\$ 84,281	517,031	361,596	63,203	71,871	63	127,405	84,649	1,310,099

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

**TRUSTEES FOR ALASKA**  
 Statements of Cash Flows  
 Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from grants and contributions	\$ 987,803	1,189,218
Payments to employees and suppliers	(1,156,813)	(969,335)
Receipts from other revenue sources	11,926	10,607
Net cash flows from operating activities	<u>(157,084)</u>	<u>230,490</u>
Cash flows from investing activities:		
Receipt of payment on endowment asset sale	1,778,187	1,749,486
Payments for investment fees	(15,132)	-
Interest and dividends received	87,095	4,774
Purchases of investments	(4,762,121)	-
Proceeds from sale of investments	1,373,956	-
Net cash provided (used) by investing activities	<u>(1,538,015)</u>	<u>1,754,260</u>
Cash flows from financing activities - payments on capital lease obligation	<u>(1,745)</u>	<u>-</u>
Net change in cash and cash equivalents	(1,696,844)	1,984,750
Cash and cash equivalents, beginning of year	<u>2,187,738</u>	<u>202,988</u>
Cash and cash equivalents, end of year	\$ <u>490,894</u>	<u>2,187,738</u>
Reconciliation of gain (loss) from operations to net cash provided (used) by operating activities:		
Cash flows from operating activities:		
Change in net assets from operating activities	\$ (23,048)	136,048
Adjustments to reconcile changes in net assets from operating activities to cash provided by operating activities:		
Depreciation	801	-
Interest and dividends on investments	(87,095)	-
(Increase) decrease in assets:		
Foundation grants receivable	(10,000)	60,520
Pledges receivable	-	5,288
Other receivables	(6,033)	789
Prepaid expenses	(12,652)	9,435
Increase (decrease) in liabilities:		
Accounts payable	(23,540)	23,903
Other liabilities	(353)	(20)
Accrued leave	4,836	(699)
Net cash provided (used) by operating activities	\$ <u>(157,084)</u>	<u>235,264</u>
Supplemental cash flow disclosure - noncash investing activity - purchase of capital equipment with capital lease	\$ <u>8,003</u>	<u>-</u>

See accompanying notes to financial statements.

# TRUSTEES FOR ALASKA

## Notes to Financial Statements

September 30, 2011 and 2010

(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 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 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.

##### 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.

## 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.

## TRUSTEES FOR ALASKA

### Notes to Financial Statements, continued

#### Summary of Significant Accounting Policies, continued

##### Income Taxes, continued

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 February 2, 2012, 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>2011</u>	<u>2010</u>
Demand deposits	\$ 183,898	311,104
Bank deposits	<u>221,356</u>	<u>145,977</u>
Total – non-endowment funds	<u>405,254</u>	<u>457,081</u>
Demand deposits	5,230	27,965
Short-term certificates of deposit	71,572	496,115
Bank deposits	<u>8,838</u>	<u>1,206,577</u>
Total – endowment funds	<u>85,640</u>	<u>1,730,657</u>
Total cash and cash equivalents	\$ <u>490,894</u>	<u>2,187,738</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, 2011 and 2010.

## 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>2011</u>	<u>2010</u>
True North Foundation	\$ 40,000	40,000
Oak Foundation	55,000	-
Wilburforce Foundation	<u>-</u>	<u>45,000</u>
Total grants receivable	<u>\$ 95,000</u>	<u>85,000</u>

Foundation grants receivable are restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
Mining	\$ 40,000	40,000
Marine	55,000	-
Arctic	<u>-</u>	<u>45,000</u>
Total grants receivable	<u>\$ 95,000</u>	<u>85,000</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>2011</u>	<u>2010</u>
Rent	\$ 7,250	-
Security deposit	5,754	5,754
Employee benefits	709	477
Insurance	8,015	2,125
Other	<u>1,442</u>	<u>2,162</u>
Total	<u>\$ 23,170</u>	<u>10,518</u>

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

August 1, 2011 – July 31, 2012	\$ 87,000
--------------------------------	-----------



## TRUSTEES FOR ALASKA

### Notes to Financial Statements, continued

#### Leases, continued

##### 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 \$6,300 and \$4,784 for fiscal years 2011 and 2010, respectively. Future minimum lease payments are as follows:

##### Fiscal Year Ending:

2012	\$ 4,788
2013	<u>1,995</u>
	<u>\$ 6,783</u>

##### 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 2011. The system has been recorded at its cost of \$8,000 and will be depreciated over an estimated 10 year useful life. As of September 30, 2011, \$800 of depreciation has been recorded, leaving a remaining net book value of \$7,200 at September 30, 2010. Future minimum lease payments are as follows:

##### Fiscal Year Ending:

2012	\$ 3,178
2013	3,178
2014	<u>794</u>
	7,150
Less amount representing interest	<u>(892)</u>
Present value of net minimum lease payments under capital lease	6,258
Less current portion	<u>(2,580)</u>
Long-term portion	<u>\$ 3,678</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>2011</u>	<u>2010</u>
Pebble Mine	\$ 137,867	57,279
Marine	85,846	-
Arctic Alaska	-	48,358
Coal Project	69,587	106,923
Mining	-	77,524
South Central	-	<u>32,838</u>
Total	<u>\$ 293,300</u>	<u>322,922</u>

## TRUSTEES FOR ALASKA

### Notes to Financial Statements, continued

#### **Temporarily Restricted Net Assets, continued**

Net assets totaling \$619,722 and \$607,090 for fiscal years 2011 and 2010, 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, 2011:

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
In-kind personnel:			
Attorneys and interns	\$ 179,853	-	179,853
Management support	-	945	945
Information technology	<u>2,736</u>	<u>660</u>	<u>3,396</u>
	<u>\$ 182,589</u>	<u>1,605</u>	<u>184,194</u>

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>

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 2011 and 2010. 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

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:

	<u>2011</u>	<u>2010</u>
Endowment net assets, beginning of year	\$ 3,508,844	3,054,252
Investment return:		
Interest and dividend income	70,486	2,691
Unrealized gain (loss) on investments	(291,310)	743
Realized gain (loss) on sale of investments	(5,777)	474,927
Investment fees	<u>15,132</u>	<u>(743)</u>
Total investment return	(211,469)	477,618
Amounts appropriated for expenditures	<u>(105,604)</u>	<u>(23,026)</u>
Endowment net assets, end of year	\$ <u>3,191,771</u>	<u>3,508,844</u>

TAEF was originally funded with a donation of a 99.99% interest in three Oshima General Holding LLCs, whose only assets were 3,500,000 shares of Allied Telesis KK, for a total of 10,500,000 shares. On December 21, 2009, TAEF entered into a purchase agreement whereby TAEF agreed to sell the interest 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. 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. The funds were invested in a managed portfolio in January 2011, and as such, are reflected as a reduction in cash.

#### 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 \$2.9 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.

## TRUSTEES FOR ALASKA

### Notes to Financial Statements, continued

#### **Endowment Fund, continued**

##### **Investment and Expenditure Policy, continued**

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.

#### (9) **Fair Value Measurements**

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. All of the Organization's investment assets as of September 30, 2011 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.

Investments consist of the following at September 30:

<u>Level 1 Investments</u>	<u>2011</u>	<u>2010</u>
Fixed income funds	\$ 1,510,329	-
Equity funds	1,469,294	-
Alternative investment funds	<u>126,587</u>	<u>-</u>
Total investment	\$ <u>3,106,210</u>	<u>-</u>

#### (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 \$18,565 and \$7,290 for years ending September 30, 2011 and 2010, respectively.

## TRUSTEES FOR ALASKA

### Notes to Financial Statements, continued

(11) **Concentrations**

The Organization received approximately 53.1% of its total revenue (excluding in-kind contributions) from three contributors in fiscal year 2011 and 58% from five contributors in fiscal year 2010. 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.

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

	<u>2011</u>	<u>2010</u>
Available cash at end of year	\$ 405,254	457,081
Calculated reserve based on budget	<u>280,000</u>	<u>225,000</u>
Amount of cash in excess (shortfall)	\$ <u>125,254</u>	<u>232,081</u>
Net assets available for designation	\$ <u>206,134</u>	<u>179,574</u>

**SUPPLEMENTARY INFORMATION**

**TRUSTEES FOR ALASKA**  
 Consolidating Statement of Financial Position  
 September 30, 2011 and 2010

	2011			2010		
	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	\$ 405,254	85,640	490,894	457,081	1,730,657	2,187,738
Receivables:						
Foundation grants	95,000	-	95,000	85,000	-	85,000
Pledges (net of allowance of \$1,654 and \$1,654 respectively)	-	-	-	-	-	-
Receivable from sale of investment	-	-	-	-	1,778,187	1,778,187
Other receivables	6,397	-	6,397	364	-	364
Prepaid expenses	23,170	-	23,170	10,518	-	10,518
Total current assets	<u>529,821</u>	<u>85,640</u>	<u>615,461</u>	<u>552,963</u>	<u>3,508,844</u>	<u>4,061,807</u>
Property and equipment	84,470	-	84,470	76,467	-	76,467
Less accumulated depreciation	(77,268)	-	(77,268)	(76,467)	-	(76,467)
Property and equipment, net	7,202	-	7,202	-	-	-
Investments	-	3,106,210	3,106,210	-	-	-
Total assets	\$ <u>537,023</u>	<u>3,191,850</u>	<u>3,728,873</u>	<u>552,963</u>	<u>3,508,844</u>	<u>4,061,807</u>
<u>Liabilities and Net Assets</u>						
Current liabilities:						
Accounts payable	7,264	79	7,343	30,883	-	30,883
Accrued leave	22,796	-	22,796	17,960	-	17,960
Accrued payroll liabilities	1,271	-	1,271	1,624	-	1,624
Current portion, capital lease payable	2,580	-	2,580	-	-	-
Total current liabilities	<u>33,911</u>	<u>79</u>	<u>33,990</u>	<u>50,467</u>	<u>-</u>	<u>50,467</u>
Long term liabilities - capital lease payable, net of current portion	<u>3,678</u>	<u>-</u>	<u>3,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>37,589</u>	<u>79</u>	<u>37,668</u>	<u>50,467</u>	<u>-</u>	<u>50,467</u>
Net assets:						
Unrestricted:						
Designated by the Board - endowment	-	3,191,771	3,191,771	-	3,508,844	3,508,844
Designated by the Board for operations	206,134	-	206,134	179,574	-	179,574
Temporarily restricted	293,300	-	293,300	322,922	-	322,922
Total net assets	<u>499,434</u>	<u>3,191,771</u>	<u>3,691,205</u>	<u>502,496</u>	<u>3,508,844</u>	<u>4,011,340</u>
Total liabilities and net assets	\$ <u>537,023</u>	<u>3,191,850</u>	<u>3,728,873</u>	<u>552,963</u>	<u>3,508,844</u>	<u>4,061,807</u>

## TRUSTEES FOR ALASKA

Consolidating Statement of Activities  
Years Ended September 30, 2011 and 2010

	2011			2010		
	Trustees for Alaska	Trustees for Alaska Endowment	Total	Trustees for Alaska	Trustees for Alaska Endowment	Total
Revenue and support:						
Foundation grants	\$ 700,600	-	700,600	872,001	-	872,001
Contributions	397,203	(100,000)	297,203	251,409	-	251,409
In-kind revenue	184,194	-	184,194	159,803	-	159,803
Interest income	1,477	85,618	87,095	2,083	2,691	4,774
Other	17,959	-	17,959	9,818	-	9,818
Total revenue and support	<u>1,301,433</u>	<u>(14,382)</u>	<u>1,287,051</u>	<u>1,295,114</u>	<u>2,691</u>	<u>1,297,805</u>
Expenses:						
Program services:						
Arctic	84,281	-	84,281	81,095	-	81,095
Clean Air and Water	517,031	-	517,031	525,639	-	525,639
Global Warming	361,596	-	361,596	269,931	-	269,931
Marine	63,203	-	63,203	38,464	-	38,464
Public Land	-	-	-	15,888	-	15,888
Wildlife	71,871	-	71,871	18,682	-	18,682
Statewide	63	-	63	15,303	-	15,303
Total program services	<u>1,098,045</u>	<u>-</u>	<u>1,098,045</u>	<u>965,002</u>	<u>-</u>	<u>965,002</u>
Support services:						
General administrative	121,801	5,604	127,405	79,136	23,026	102,162
Fundraising	84,649	-	84,649	94,593	-	94,593
Total support services	<u>206,450</u>	<u>5,604</u>	<u>212,054</u>	<u>173,729</u>	<u>23,026</u>	<u>196,755</u>
Total expenses	<u>1,304,495</u>	<u>5,604</u>	<u>1,310,099</u>	<u>1,138,731</u>	<u>23,026</u>	<u>1,161,757</u>
Increase (decrease) in net assets from operating activities	(3,062)	(19,986)	(23,048)	156,383	(20,335)	136,048
Non-operating activities - gain (loss) on investments	-	(297,087)	(297,087)	-	474,927	474,927
Change in net assets	(3,062)	(317,073)	(320,135)	156,383	454,592	610,975
Net assets, beginning of year	<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>
Net assets, end of year	\$ <u>499,434</u>	<u>3,191,771</u>	<u>3,691,205</u>	<u>502,496</u>	<u>3,508,844</u>	<u>4,011,340</u>