

**TRUSTEES FOR ALASKA
AND
TRUSTEES FOR ALASKA ENDOWMENT FUND**

CONSOLIDATED FINANCIAL
STATEMENTS AND SUPPLEMENTARY
INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

TOGETHER WITH INDEPENDENT AUDITORS' REPORT



TRUSTEES FOR ALASKA

PROTECT | DEFEND | REPRESENT

**TRUSTEES FOR ALASKA
AND
TRUSTEES FOR ALASKA ENDOWMENT FUND**
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

CONTENTS

	<u>Pages</u>
Independent Auditors' Report	1 – 3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 – 18
Supplementary Information	
Consolidating Schedule of Financial Position	19
Consolidating Schedule of Activities	20
Schedule of Functional Expenses – Trustees for Alaska	21
Schedule of Functional Expenses – Trustees for Alaska Endowment Fund	22



INDEPENDENT AUDITORS' REPORT

Board of Directors
Trustees for Alaska
Trustees for Alaska Endowment Fund
Anchorage, Alaska

Opinion

We have audited the accompanying consolidated financial statements of **Trustees for Alaska** and **Trustees for Alaska Endowment Fund** (Alaskan nonprofit corporations), collectively referred to as Trustees for Alaska, which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Trustees for Alaska and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Trustees for Alaska's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Trustees for Alaska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trustees for Alaska's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of Trustees for Alaska and Trustees for Alaska Endowment Fund for the year ended September 30, 2022, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 19 to 22 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 as a whole.

Taylor Roth and Company PLLC

Taylor, Roth and Company, PLLC
Certified Public Accountants
Albuquerque, New Mexico
January 24, 2024

TRUSTEES FOR ALASKA
AND
TRUSTEES FOR ALASKA ENDOWMENT FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 582,583	\$ 729,187
Accounts receivable	6,638	4,236
Grants receivable	-	50,000
Prepaid expenses	15,252	21,556
Investments (Note 4)	7,315,146	6,611,403
Property and equipment, net (Note 5)	116,915	137,670
Operating lease right-of-use asset (Note 6)	608,989	-
Total assets	<u>\$ 8,645,523</u>	<u>\$ 7,554,052</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 8,344	\$ 20,835
Accrued payroll expenses	104,286	92,768
Deferred revenue (Note 7)	50,000	-
Finance lease liability	6,482	9,720
Operating lease liability (Note 6)	617,923	-
Total liabilities	<u>787,035</u>	<u>123,323</u>
<u>Net assets</u>		
Without donor restrictions		
Undesignated	430,551	438,036
Board-designated (Note 8)	6,979,396	6,527,309
Net investment in property and equipment	110,433	127,950
	<u>7,520,380</u>	<u>7,093,295</u>
With donor restrictions (Note 9)	338,108	337,434
Total net assets	<u>7,858,488</u>	<u>7,430,729</u>
Total liabilities and net assets	<u>\$ 8,645,523</u>	<u>\$ 7,554,052</u>

The accompanying notes are an integral part of these financial statements

TRUSTEES FOR ALASKA
AND
TRUSTEES FOR ALASKA ENDOWMENT FUND
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
OPERATING ACTIVITIES				
<u>Revenue and other support</u>				
Grants	\$ 693,000	\$ 300,000	\$ 993,000	\$ 985,000
Contributions	612,002	10,500	622,502	387,894
Program service revenue	33,000	-	33,000	213,340
Other income	17,715	-	17,715	22,113
In-kind donations	8,100	-	8,100	8,100
Net assets released from restrictions (Note 10)	320,759	(320,759)	-	-
Total revenue and other support	1,684,576	(10,259)	1,674,317	1,616,447
<u>Expense</u>				
Program services				
Arctic	851,402	-	851,402	603,619
Wild Lands and Wildlife	374,414	-	374,414	483,218
Clean Air and Water	212,200	-	212,200	140,569
Marine	-	-	-	34,644
Total program services	1,438,016	-	1,438,016	1,262,050
Supporting services				
Management and general	201,786	-	201,786	243,370
Fund-raising	173,701	-	173,701	216,852
Total expense	1,813,503	-	1,813,503	1,722,272
Change in net assets from operations	(128,927)	(10,259)	(139,186)	(105,825)
NONOPERATING ACTIVITIES				
Investment income(loss) (Note 4)	556,012	10,933	566,945	(593,436)
Change in net assets	427,085	674	427,759	(699,261)
Net assets, beginning of year	7,093,295	337,434	7,430,729	8,129,990
Net assets, end of year	\$ 7,520,380	\$ 338,108	\$ 7,858,488	\$ 7,430,729

The accompanying notes are an integral part of these financial statements

**TRUSTEES FOR ALASKA
AND
TRUSTEES FOR ALASKA ENDOWMENT FUND**
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023				2022			
	Program Services				Supporting Services			
	Arctic	Wild Lands and Wildlife	Clean Air and Water	Total	Management and General	Fund- raising	Total	Total
Salaries and wages	\$ 581,210	\$ 242,162	\$ 130,343	\$ 953,715	\$ 68,717	\$ 113,512	\$ 1,135,944	\$ 1,094,944
Payroll taxes, benefits	130,948	56,365	30,190	217,503	15,253	25,905	258,661	258,847
Rent	46,433	28,689	22,216	97,338	7,758	12,541	117,637	109,464
Professional services	22,999	13,708	10,920	47,627	9,258	6,740	63,625	50,080
Investment management fees	-	-	-	-	41,861	-	41,861	43,995
Accounting	-	-	-	-	26,927	-	26,927	29,508
Dues and subscriptions	9,920	5,643	3,278	18,841	216	4,233	23,290	28,938
Insurance	6,346	4,285	2,581	13,212	3,522	1,482	18,216	16,477
Travel	12,426	3,473	1,158	17,057	-	-	17,057	8,576
Office equipment	5,431	2,236	1,171	8,838	639	1,172	10,649	6,118
Litigation costs	7,006	3,446	-	10,452	10	-	10,462	8,224
Board relations	-	-	-	-	9,946	-	9,946	-
Training	3,412	2,032	1,721	7,165	1,231	473	8,869	3,717
Telecommunications	3,188	1,898	1,608	6,694	468	796	7,958	7,778
Office supplies	1,656	986	835	3,477	1,342	250	5,069	4,006
All other	6,962	3,947	3,275	14,184	13,054	3,692	30,930	38,757
	837,937	368,870	209,296	1,416,103	200,202	170,796	1,787,101	1,709,429
Depreciation	13,465	5,544	2,904	21,913	1,584	2,905	26,402	12,843
Total	<u>\$ 851,402</u>	<u>\$ 374,414</u>	<u>\$ 212,200</u>	<u>\$ 1,438,016</u>	<u>\$ 201,786</u>	<u>\$ 173,701</u>	<u>\$ 1,813,503</u>	<u>\$ 1,722,272</u>

The accompanying notes are an integral part of these financial statements

TRUSTEES FOR ALASKA
AND
TRUSTEES FOR ALASKA ENDOWMENT FUND
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 427,759	\$ (699,261)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized (gains)losses	(360,223)	775,195
Contributions of stock	(41,896)	(5,211)
Depreciation and amortization	26,402	12,843
Operating lease right-of-use amortization	91,889	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in receivables	47,598	(47,418)
(Increase)decrease in prepaid expenses	6,304	(2,055)
Increase(decrease) in accounts payable	(12,491)	18,211
Increase(decrease) in accrued payroll expenses	11,518	23,425
Increase(decrease) in deferred revenue	50,000	-
Increase(decrease) in operating lease liability	(82,955)	-
Net cash provided(used) by operating activities	<u>163,905</u>	<u>75,729</u>
<u>Cash flows from investing activities</u>		
Reinvestment of investment earnings	(161,346)	(137,764)
(Purchases)proceeds of investments	(140,278)	(20,447)
(Purchases) of property and equipment	(5,647)	(123,101)
Net cash provided(used) by investing activities	<u>(307,271)</u>	<u>(281,312)</u>
<u>Cash flows from financing activities</u>		
(Payments) of finance lease liability	(3,238)	(3,238)
Net increase(decrease) in cash and cash equivalents	(146,604)	(208,821)
Cash and cash equivalents, beginning of year	<u>729,187</u>	<u>938,008</u>
Cash and cash equivalents, end of year	<u>\$ 582,583</u>	<u>\$ 729,187</u>
<u>Supplemental disclosure of information:</u>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows—operating leases	\$ 108,095	\$ -
Cash paid during the period for interest	<u>\$ 246</u>	<u>\$ 344</u>

The accompanying notes are an integral part of these financial statements

**TRUSTEES FOR ALASKA
AND
TRUSTEES FOR ALASKA ENDOWMENT FUND**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Trustees for Alaska (the Organization or TFA) is the only nonprofit, public interest, environmental law firm founded and based in Alaska, providing free legal counsel to protect and defend Alaska's lands, waters, wildlife, and communities. TFA has been a legal force of environmental advocacy in Alaska since 1974. We work for a variety of clients who bravely fight for their rights and for the health and cultures of Alaska for future generations.

The Organization fills an important niche in protecting Alaska's environment, communities, and wildlife by providing the legal expertise and ability to hold decision makers and polluters accountable in court. TFA attorneys are pivotal in shaping Alaska's environmental future.

TFA's clients and conservation partners include Alaska Native villages and organizations, community groups, local and national conservation groups, statewide coalitions, fishing groups, and individual Alaskans. These clients would not be able to afford legal counsel to protect Alaska without TFA. TFA works hand-in-hand with its clients to build legal strategies that integrate their united goals, grassroots organizing efforts, education and media campaigns, and administrative and legislative initiatives. The collaborative and cooperative relationships TFA has with its partners is one of its great strengths.

The Organization 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. TFA works in three main areas:

- Protecting America's unique Arctic ecosystems and addressing the impacts of climate change on Alaska's communities and ecosystems.
- Protecting Alaska's spectacular wilderness areas and vast marine ecosystems to promote the biodiversity of Alaska's wildlife and marine species.
- Assuring clean air, clean water, and continued access to subsistence resources.

On December 31, 2008, TFA established the Trustees for Alaska Endowment Fund (TAEF) to provide financial support to the charitable activities, projects and programs of TFA. 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.

TFA's support comes primarily from foundation grants and individual contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The consolidated financial statements of TFA include the accounts of the Organization and its controlled entity, the Trustees for Alaska Endowment Fund. The consolidated financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

2. Basis of Presentation

The consolidated financial statements of TFA and TAEF have been prepared in accordance with U.S. generally accepted accounting principles, which require TFA and TAEF to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of TFA and TAEF's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TFA and TAEF or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

3. Measure of Operations

The consolidated statement of activities reports all changes in net assets, including changes from operating and nonoperating activities. Operating activities consist of those items attributable to TFA's ongoing program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

4. Cash and Cash Equivalents

TFA considers unrestricted balances in its checking, savings, and money markets to be cash, as well as certificates of deposit that mature within one year, unless held as a component of the Trustees for Alaska Endowment Fund.

5. Receivables

Management assesses the need for an allowance for uncollectable receivables based on historical experience and a review of subsequent collections. Management provides for probable uncollected amounts through a provision for bad debt expense. No provision was deemed necessary at September 30, 2023, as management believes all receivables are fully collectible.

6. Contributions of Property and Equipment

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

7. Capitalization and Depreciation

TFA follows a practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis, ranging from 3 to 10 years. Leasehold improvements are depreciated over the term of the lease.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

8. Leases

TFA accounts for leases in accordance with Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASC 842), as amended. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right of use (ROU) assets and operating lease liabilities in the statement of financial position. Finance leases are included in property and equipment and finance lease liabilities on the statement of financial position.

ROU assets represent TFA's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. TFA uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, TFA has made an accounting policy election by asset class to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. TFA's lease terms may include options to extend or terminate the lease when it is reasonably certain that TFA will exercise the option.

TFA may have lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

TFA does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Fair Value Measurements

TFA is subject to the provisions of the *Fair Value Measurements and Disclosures* accounting standard. This standard requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

11. In-kind Donations

Donated services are recognized as contributions in accordance with generally accepted accounting principles (GAAP), if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The value of donated services is based on current market rates and approximates what the Organization would have paid if not donated. Donated goods and materials are reflected in the accompanying statements at their estimated values at date of receipt.

12. Revenue Recognition

Contributions: In accordance with ASC Sub-Topic 958-605, *Revenue Recognition*, TFA must determine whether a contribution, or promise, is conditional or unconditional. A contribution is considered to be conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable stipulations that limit discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that TFA should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Unconditional promises to give are reported at fair value when received and 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 benefit to be received. Conditional pledges are considered unconditional if the possibility that the condition will not be met is remote.

Conditional promises to give that are contingent upon meeting substantive conditions are recognized in the period in which the conditions are met. Conditional promises to give and indications of intentions to give are reported at the fair value at the date the gift is received. The gifts are reported as donor-restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor restricted net assets are reclassified as net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same period they are received are reported as contributions without donor restrictions in the accompanying financial statements.

Grants: Cost reimbursable grant revenues are recorded as earned when related expenses are incurred. Unearned grant receipts are recorded as reimbursable advances until expended for the purpose of the grant.

Program Service Revenue: Court-awarded case attorney fees and costs are recognized as program service revenue in the period which the court order is issued at the estimated net realizable amount. TFA expenses costs related to litigation when incurred or as soon as probable costs can be reasonably estimated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

13. Income Taxes

The activities of TFA and TFAEF are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Although the organizations are 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. As separate legal entities, each organization is responsible for filing a federal Form 990 tax return. TFA adopted the 501(h) election which provides a safe harbor measure for lobbying expenditures.

No provision or liability for income taxes is recorded in the accompanying consolidated financial statements for either organization.

14. Principles of Consolidation

The consolidated financial statements of TFA include the accounts of Trustees for Alaska and its controlled entity, the Trustees for Alaska Endowment Fund. Intercompany transactions and balances have been eliminated in the consolidation.

15. Functional Reporting 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 specific function but provide for the overall support and direction of TFA.

16. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

17. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

18. New Accounting Pronouncement

Effective October 1, 2022, TFA adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASC 842), as amended, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (fiscal year 2022). It also elected not to reassess at adoption:

- expired or existing contracts to determine whether they are or contain a lease,
- the lease classification of any existing leases, or
- initial direct costs for existing leases.

As a result of implementing ASU No. 2016-02 on October 1, 2022, TFA recognized an operating lease right-of-use asset of \$700,878 and an operating lease liability of \$700,878 in its statement of financial position. There was no effect on net assets. In addition, TFA did not have any short-term operating leases at this date.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

19. Change in Accounting Principle

TFA changed its method of accounting for lease transactions due to adoption of the new accounting standard for leases (ASU No. 2016-02). The change has been applied as of October 1, 2022, and is more fully described in Note 6.

20. Subsequent Events

Management has evaluated subsequent events through January 24, 2024, the date the consolidated financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents TFA's financial assets on September 30, 2023:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 582,583
Receivables	6,638
Investments	<u>7,315,146</u>
Total financial assets	<u>7,904,367</u>
Less amounts not available or budgeted for operational use within one year:	
Donor-restricted net assets	338,108
Board-designated - Quasi-endowment fund	4,907,516
Board-designated - TFAEF Reserve	<u>1,084,603</u>
	<u>6,330,227</u>
Financial assets available to meet general expenditures over the next 12 months	<u><u>\$ 1,574,140</u></u>

TFA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a fiscal policy to maintain a board-designated operating reserve of \$150,000 in cash to meet unexpected or emergency needs.

In addition, the Trustees for Alaska Endowment Fund, TFA's supporting organization, holds board-designated reserve and quasi-endowment funds that may be used to support TFA operations, if needed. Funds held by TFAEF are invested for long-term appreciation to provide a lasting source of support for the Organization.

NOTE 4 - INVESTMENTS

Investments are carried at market value and consisted of the following at year-end:

<u>Description</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Government securities	\$ 3,873,269	\$ 3,911,637	\$ 38,368
Equities	2,630,171	3,355,060	724,889
Exchange-traded funds	29,996	28,464	(1,532)
Cash and cash equivalents	14,943	14,943	-
Accrued interest	5,042	5,042	-
Total	<u>\$ 6,553,421</u>	<u>\$ 7,315,146</u>	<u>\$ 761,725</u>

As of year-end, the Organization holds nine (9) zero-coupon Treasury bills with initial maturities ranging from 6 to 12 months, and two (2) 24-month Treasury notes with interest rates at 4.65% and 4.75%.

Investment returns are summarized as follows for the year ended September 30, 2023:

<u>Description</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest - demand accounts	\$ 3,515	\$ -	\$ 3,515
Interest and dividends	201,664	1,543	203,207
Realized gains(losses)	(55,720)	(1,194)	(56,914)
Unrealized gains(losses)	406,553	10,584	417,137
Total	<u>\$ 556,012</u>	<u>\$ 10,933</u>	<u>\$ 566,945</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at year-end:

<u>Description</u>	<u>Amount</u>
Leasehold improvements	\$ 111,552
Furniture and equipment	60,261
Total	171,813
Less: accumulated depreciation	(54,898)
Net property and equipment	<u>\$ 116,915</u>

Depreciation expense for the year was \$26,402.

NOTE 6 - LEASES

TFA evaluated current contracts to determine which met the criteria of a lease. The right of use (ROU) asset represents the Organization's right to use the underlying asset for the lease term, and the lease liability represents its obligation to make lease payments arising from the lease. The ROU asset and lease liability, which arose from an operating lease, were calculated based on the present value of future lease payments over the lease term.

Operating lease cost is recognized on a straight-line basis over the lease term as *Rent* expense on the Statement of Functional Expenses. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

TFA leases office space under a long-term non-cancellable operating lease agreement dated January 11, 2022. The lease expires in July 2029, and lease expense increases \$0.05 per square foot each 12-month period (approximately \$3,074 per year). There is one option for renewal for a sixty (60) month period which is not included in the lease calculations.

Lease information included the following:

<u>Description</u>	<u>Amount</u>
<i>Components of lease cost in Statement of Functional Expenses:</i>	
Operating lease cost included in <i>Rent</i> expense	<u>\$ 117,029</u>
<i>Other information for lease:</i>	
Remaining lease term	5.83 years
Discount rate	3.79%
<i>Future maturities of lease liability:</i>	
Fiscal years ending September 30th:	<u>Amount</u>
2024	\$ 111,169
2025	114,243
2026	117,317
2027	120,391
2028	123,464
2029	<u>105,021</u>
Total lease payments	691,605
Less: present value discount	<u>(73,682)</u>
Total	<u>\$ 617,923</u>

NOTE 7 - DEFERRED REVENUE

As of September 30, 2023, deferred revenue included \$50,000 in grant funds that are conditioned by the grantor on raising matching funds. Management expects these funds to be recognized as grant revenue during the fiscal year ending September 30, 2024.

NOTE 8 - BOARD-DESIGNATED NET ASSETS

As previously noted, the board of directors has designated funds for both short-term operating needs as well as long-term purposes. The balance of the board-designated amounts by entity as of September 30, 2023 included:

<u>Description</u>	<u>TFA</u>	<u>TFAEF</u>	<u>Total</u>
Quasi-endowment fund	\$ -	\$ 5,182,516	\$ 5,182,516
Operating reserve	150,000	1,646,880	1,796,880
Total	<u>\$ 150,000</u>	<u>\$ 6,829,396</u>	<u>\$ 6,979,396</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions were available for the following purposes:

<u>Description</u>	<u>TFA</u>	<u>TFAEF</u>	<u>Total</u>
Restricted for time - Colleen Burgh Fund	\$ -	\$ 146,408	\$ 146,408
Challenging Willow project	97,625	-	97,625
Arctic	54,075	-	54,075
Mining	40,000	-	40,000
Total	<u>\$ 191,700</u>	<u>\$ 146,408</u>	<u>\$ 338,108</u>

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions as follows:

<u>Description</u>	<u>TFA</u>	<u>TFAEF</u>	<u>Total</u>
Restricted for purpose			
Arctic	\$ 187,884	\$ -	\$ 187,884
Two-year attorney fellowship program	45,000	-	45,000
Mining	40,000	-	40,000
Willow	37,375	-	37,375
Biodiversity	10,000	-	10,000
Predator control	500	-	500
Total	<u>\$ 320,759</u>	<u>\$ -</u>	<u>\$ 320,759</u>

NOTE 11 - FAIR VALUE MEASUREMENTS

The Organization follows the *Fair Value Measurements and Disclosures Topic* of FASB ASC which requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. The standard establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following table presents assets measured at fair value on a recurring basis as of September 30, 2023:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Government securities	\$ 3,911,637	\$ -	\$ 3,911,637	\$ -
Equities	3,355,060	3,355,060	-	-
Exchange-traded funds	28,464	28,464	-	-
Total	<u>\$ 7,295,161</u>	<u>\$ 3,383,524</u>	<u>\$ 3,911,637</u>	<u>\$ -</u>

NOTE 12 - BOARD-DESIGNATED ENDOWMENT

Trustees for Alaska established a legally separate entity in fiscal year 2009, 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. TAEF is a “Type I” supporting organization within the meaning of 509(a)(3)(B)(i).

TAEF holds board-designated funds, including a *reserve fund* and a *quasi-endowment fund*, as well as *donor-restricted funds*, the Colleen Burgh Fund, which is donor restricted for time. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The quasi-endowment fund held by TAEF is board designated, and the intent is to provide future revenues for the long-term operational support of Trustees for Alaska.

NOTE 12 - BOARD-DESIGNATED ENDOWMENT (concluded)

The Board has adopted an investment policy statement describing the goals and objectives for the assets, including the following:

- Seek returns on its endowment assets (net of 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 the Executive Director, no later than the spring meeting, guidance as to the amount of and the restrictions (if any) on the use of 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 1st.
- 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.

Changes in the endowment fund for the year ended September 30, 2023, were as follows:

<u>Description</u>	<u>Quasi- Endowment</u>
Balance, beginning of year	\$ 4,851,445
Contributions	272
Investment return, net of fees	380,799
Appropriations - contributions to TFA	<u>(50,000)</u>
Balance, end of year	<u><u>\$ 5,182,516</u></u>

NOTE 13 - 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 full-time and part-time employees' contributions to a maximum of 5.0% of employee annual compensation. Starting in June 2023, the employer contribution of 5.0% no longer requires a matching contribution from the employee. Employer contributions for the year ended September 30, 2023, totaled \$45,801.

NOTE 14 - CONCENTRATIONS

Cash

Throughout the year, the Organization may maintain cash balances in local banking institutions that exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). At year-end, \$327,466 was held in excess of FDIC at one financial institution.

Investments

Investments are subject to market value fluctuation.

SUPPLEMENTARY INFORMATION

TRUSTEES FOR ALASKA
AND
TRUSTEES FOR ALASKA ENDOWMENT FUND
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2023

<u>Assets</u>	Trustees for Alaska	Trustees for Alaska Endowment Fund	Eliminations	Consolidated
Cash and cash equivalents	\$ 576,779	\$ 5,804	\$ -	\$ 582,583
Accounts receivable	6,638	-	-	6,638
Intercompany receivable	9,534	-	(9,534)	-
Prepaid expenses	14,172	1,080	-	15,252
Investments	336,692	6,978,454	-	7,315,146
Property and equipment, net	116,915	-	-	116,915
Operating lease right-of-use asset	608,989	-	-	608,989
Total assets	<u>\$ 1,669,719</u>	<u>\$ 6,985,338</u>	<u>\$ (9,534)</u>	<u>\$ 8,645,523</u>
<u>Liabilities and net assets</u>				
Liabilities				
Accounts payable	\$ 8,344	\$ -	\$ -	\$ 8,344
Accrued payroll expenses	104,286	-	-	104,286
Intercompany payable	-	9,534	(9,534)	-
Deferred revenue	50,000	-	-	50,000
Finance lease liability	6,482	-	-	6,482
Operating lease liability	617,923	-	-	617,923
Total liabilities	<u>787,035</u>	<u>9,534</u>	<u>(9,534)</u>	<u>787,035</u>
Net assets				
Without donor restrictions				
Undesignated	430,551	-	-	430,551
Board-designated - quasi endowment	-	5,182,516	-	5,182,516
Board-designated - operating reserves	150,000	1,646,880	-	1,796,880
Net investment in property and equipment	110,433	-	-	110,433
	690,984	6,829,396	-	7,520,380
With donor restrictions	191,700	146,408	-	338,108
Total net assets	<u>882,684</u>	<u>6,975,804</u>	<u>-</u>	<u>7,858,488</u>
Total liabilities and net assets	<u>\$ 1,669,719</u>	<u>\$ 6,985,338</u>	<u>\$ (9,534)</u>	<u>\$ 8,645,523</u>

See independent auditors' report

**TRUSTEES FOR ALASKA
AND
TRUSTEES FOR ALASKA ENDOWMENT FUND**

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Trustees for Alaska	Trustees for Alaska Endowment Fund	Eliminations	Consolidated
OPERATING ACTIVITIES				
<u>Revenue and other support</u>				
Grants	\$ 993,000	\$ -	\$ -	\$ 993,000
Contributions	672,230	272	(50,000)	622,502
Program service revenue	33,000	-	-	33,000
Other income	17,715	-	-	17,715
In-kind donations	8,100	-	-	8,100
Total revenue and support	<u>1,724,045</u>	<u>272</u>	<u>(50,000)</u>	<u>1,674,317</u>
<u>Expense</u>				
Program services	1,438,016	50,000	(50,000)	1,438,016
Supporting services				
Management and general	156,601	45,185	-	201,786
Fund-raising	<u>173,701</u>	<u>-</u>	<u>-</u>	<u>173,701</u>
Total expense	<u>1,768,318</u>	<u>95,185</u>	<u>(50,000)</u>	<u>1,813,503</u>
Change in net assets from operations	(44,273)	(94,913)	-	(139,186)
NONOPERATING ACTIVITIES				
Investment income(loss)	<u>9,012</u>	<u>557,933</u>	<u>-</u>	<u>566,945</u>
Change in net assets	(35,261)	463,020	-	427,759
Net assets, beginning of year	<u>917,945</u>	<u>6,512,784</u>	<u>-</u>	<u>7,430,729</u>
Net assets, end of year	<u>\$ 882,684</u>	<u>\$ 6,975,804</u>	<u>\$ -</u>	<u>\$ 7,858,488</u>

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TRUSTEES FOR ALASKA
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		<u>Supporting Services</u>		
	<u>Program</u>	<u>Management</u>	<u>Fund-</u>	<u>Total</u>
	<u>Services</u>	<u>and</u>	<u>raising</u>	
		<u>General</u>		
Salaries and wages	\$ 953,715	\$ 68,717	\$ 113,512	\$ 1,135,944
Payroll taxes, benefits	217,503	15,253	25,905	258,661
Rent	97,338	7,758	12,541	117,637
Professional services	47,627	9,258	6,740	63,625
Accounting	-	25,775	-	25,775
Dues and subscriptions	18,841	216	4,233	23,290
Travel	17,057	-	-	17,057
Insurance	13,212	1,400	1,482	16,094
Office equipment	8,838	639	1,172	10,649
Litigation costs	10,452	10	-	10,462
Board expense	-	9,946	-	9,946
Training	7,165	1,231	473	8,869
Telecommunications	6,694	468	796	7,958
Office supplies	3,477	1,342	250	5,069
Communications	3,534	247	600	4,381
Bank charges	-	4,215	-	4,215
All other	10,650	8,542	3,092	22,284
	<u>1,416,103</u>	<u>155,017</u>	<u>170,796</u>	<u>1,741,916</u>
Depreciation	<u>21,913</u>	<u>1,584</u>	<u>2,905</u>	<u>26,402</u>
Total	<u>\$ 1,438,016</u>	<u>\$ 156,601</u>	<u>\$ 173,701</u>	<u>\$ 1,768,318</u>

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TRUSTEES FOR ALASKA ENDOWMENT FUND

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Contribution expense	\$ 50,000	\$ -	\$ -	\$ 50,000
Investment management fees	-	41,861	-	41,861
Accounting	-	1,152	-	1,152
Insurance	-	2,122	-	2,122
Bank charges	-	50	-	50
Total	<u>\$ 50,000</u>	<u>\$ 45,185</u>	<u>\$ -</u>	<u>\$ 95,185</u>

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