

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

CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022

CONTENTS

	<u>Pages</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 – 15
Supplementary Information	
Consolidating Schedule of Financial Position	16
Consolidating Schedule of Activities	17
Schedule of Functional Expenses – Trustees for Alaska	18
Schedule of Functional Expenses – Trustees for Alaska Endowment Fund	19



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Trustees for Alaska  
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, 2022, 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, 2022, 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 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 Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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.

### ***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 16 to 19 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  
Certified Public Accountants  
Albuquerque, New Mexico  
January 31, 2023

**TRUSTEES FOR ALASKA**  
**AND**  
**TRUSTEES FOR ALASKA ENDOWMENT FUND**  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2022

	<u>Amount</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 729,187
Accounts receivable	4,236
Grants receivable	50,000
Prepaid expenses	21,556
Investments (Note 4)	6,611,403
Property and equipment, net (Note 5)	137,670
Total assets	<u>\$ 7,554,052</u>
<u>Liabilities and net assets</u>	
<u>Liabilities</u>	
Accounts payable	\$ 20,835
Accrued payroll expenses	92,768
Capital lease payable	9,720
Total liabilities	<u>123,323</u>
<u>Net assets</u>	
Without donor restrictions	
Undesignated	438,036
Board-designated (Note 6)	6,527,309
Net investment in property and equipment	127,950
	<u>7,093,295</u>
With donor restrictions (Note 7)	337,434
Total net assets	<u>7,430,729</u>
Total liabilities and net assets	<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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and other support</u>			
Grants	\$ 650,000	\$ 335,000	\$ 985,000
Contributions	386,894	1,000	387,894
Program service revenue	213,340	-	213,340
Investment income(loss) (Note 4)	(578,040)	(15,396)	(593,436)
Other income	22,113	-	22,113
In-kind donations	8,100	-	8,100
Net assets released from restrictions (Note 8)	276,105	(276,105)	-
Total revenue and support	<u>978,512</u>	<u>44,499</u>	<u>1,023,011</u>
<u>Expense</u>			
Program services	1,262,050	-	1,262,050
Supporting services			
Management and general	243,370	-	243,370
Fund-raising	216,852	-	216,852
Total expense	<u>1,722,272</u>	<u>-</u>	<u>1,722,272</u>
Change in net assets	(743,760)	44,499	(699,261)
Net assets, beginning of year	<u>7,837,055</u>	<u>292,935</u>	<u>8,129,990</u>
Net assets, end of year	<u>\$ 7,093,295</u>	<u>\$ 337,434</u>	<u>\$ 7,430,729</u>

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, 2022**

	Program Services					Supporting Services		
	Arctic	Wild Lands and Wildlife	Clean Air and Water	Marine	Total	Management and General	Fund- raising	Total
Salaries and wages	\$ 391,965	\$ 338,286	\$ 92,835	\$ 20,000	\$ 843,086	\$ 109,819	\$ 142,039	\$ 1,094,944
Payroll taxes, benefits	93,628	79,346	21,851	4,575	199,400	25,828	33,619	258,847
Rent	40,238	27,971	11,821	3,768	83,798	10,715	14,951	109,464
Professional services	20,501	10,335	4,707	1,431	36,974	4,393	8,713	50,080
Investment management fees	-	-	-	-	-	43,995	-	43,995
Accounting	-	-	-	-	-	29,508	-	29,508
Dues and subscriptions	14,915	9,293	1,920	843	26,971	461	1,506	28,938
Insurance	6,661	3,002	1,121	2,441	13,225	1,793	1,459	16,477
Printing and postage	419	295	119	39	872	106	7,951	8,929
Travel	7,202	742	225	36	8,205	-	371	8,576
Litigation costs	8,177	47	-	-	8,224	-	-	8,224
Telecommunications	2,895	1,836	1,066	197	5,994	757	1,027	7,778
Office equipment	2,202	1,898	489	122	4,711	612	795	6,118
Donations	2,455	1,462	1,238	-	5,155	-	-	5,155
Office supplies	1,558	1,095	436	129	3,218	289	499	4,006
Bank charges	-	-	-	-	-	3,832	-	3,832
Training	1,788	1,310	444	175	3,717	-	-	3,717
Communications	946	600	342	82	1,970	239	522	2,731
All other	3,381	2,220	880	314	6,795	9,225	2,090	18,110
	598,931	479,738	139,494	34,152	1,252,315	241,572	215,542	1,709,429
Depreciation	4,688	3,480	1,075	492	9,735	1,798	1,310	12,843
Total	<u>\$ 603,619</u>	<u>\$ 483,218</u>	<u>\$ 140,569</u>	<u>\$ 34,644</u>	<u>\$ 1,262,050</u>	<u>\$ 243,370</u>	<u>\$ 216,852</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, 2022

	<u>Amount</u>
<u>Cash flows from operating activities</u>	
Change in net assets	\$ (699,261)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Realized and unrealized (gains)losses	775,195
Contributions of stock	(5,211)
Depreciation	12,843
<u>Changes in operating assets and liabilities</u>	
(Increase)decrease in account receivables	(47,418)
(Increase)decrease in prepaid expenses	(2,055)
Increase(decrease) in accounts payable	18,211
Increase(decrease) in accrued payroll expenses	23,425
Net cash provided(used) by operating activities	<u>75,729</u>
<u>Cash flows from investing activities</u>	
Reinvestment of investment earnings	(137,764)
(Purchases)proceeds of investments	(20,447)
(Purchases) of property and equipment	<u>(123,101)</u>
Net cash provided(used) by investing activities	<u>(281,312)</u>
<u>Cash flows from financing activities</u>	
Principal payments on capital lease payable	<u>(3,238)</u>
Net increase(decrease) in cash and cash equivalents	(208,821)
Cash and cash equivalents, beginning of year	<u>938,008</u>
Cash and cash equivalents, end of year	<u><u>\$ 729,187</u></u>
<u>Supplemental disclosure of information:</u>	
Cash paid during the period for interest	<u><u>\$ 344</u></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, 2022

**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 four main areas:

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

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, individual contributions, and court-awarded attorney fees.

**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.

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. 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.

4. 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, 2022, as management believes all receivables are fully collectible.

5. 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.

6. 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.

7. 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.

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

8. 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).

9. 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.

10. 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 (concluded)

11. 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.

12. 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.

13. 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.

14. Subsequent Events

Management has evaluated subsequent events through January 31, 2023, 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, 2022:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 729,187
Receivables	54,236
Investments	<u>6,611,403</u>
Total financial assets	<u>7,394,826</u>
Less amounts not available or budgeted for operational use within one year:	
Donor-restricted net assets	337,434
Board-designated - Quasi-endowment fund	4,576,445
Board-designated - TFAEF Reserve	<u>968,731</u>
	<u>5,882,610</u>
Financial assets available to meet general expenditures over the next 12 months	<u><u>\$ 1,512,216</u></u>

NOTE 3 - AVAILABILITY AND LIQUIDITY (concluded)

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. Fund 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>
Treasury bills	\$ 2,742,655	\$ 2,749,420	\$ 6,765
Equities	2,061,421	2,399,244	337,823
Cash and cash equivalents	1,184,640	1,184,640	-
Mutual funds	176,545	176,545	-
Certificate of deposit	101,554	101,554	-
Total	<u>\$ 6,266,815</u>	<u>\$ 6,611,403</u>	<u>\$ 344,588</u>

As of year-end, the Organization holds seven (7) zero-coupon Treasury bills with initial maturities ranging from 6 to 12 months.

Investment returns are summarized as follows for the year ended September 30, 2022:

<u>Description</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest - demand accounts	\$ 2,095	\$ -	\$ 2,095
Interest and dividends	175,331	4,333	179,664
Realized gains(losses)	(269,500)	(7,038)	(276,538)
Unrealized gains(losses)	(485,966)	(12,691)	(498,657)
Total	<u>\$ (578,040)</u>	<u>\$ (15,396)</u>	<u>\$ (593,436)</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	54,614
Total	166,166
Less: accumulated depreciation	(28,496)
Net property and equipment	<u>\$ 137,670</u>

Depreciation expense for the year was \$12,843.

NOTE 6 - 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, 2022 included:

<u>Description</u>	<u>TFA</u>	<u>TFAEF</u>	<u>Total</u>
Quasi-endowment fund	\$ -	\$ 4,851,445	\$ 4,851,445
Operating reserve	150,000	1,525,864	1,675,864
Total	<u>\$ 150,000</u>	<u>\$ 6,377,309</u>	<u>\$ 6,527,309</u>

NOTE 7 - 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	\$ -	\$ 135,475	\$ 135,475
Arctic	106,959	-	106,959
Two-year attorney fellowship program	45,000	-	45,000
Mining	40,000	-	40,000
Biodiversity	10,000	-	10,000
Total	<u>\$ 201,959</u>	<u>\$ 135,475</u>	<u>\$ 337,434</u>

## NOTE 8 - 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	\$ 102,975	\$ -	\$ 102,975
Climate change	75,000	-	75,000
Two-year attorney fellowship program	50,000	-	50,000
Mining	40,000	-	40,000
Restricted for time - Colleen Burgh Fund	-	8,130	8,130
Total	<u>\$ 267,975</u>	<u>\$ 8,130</u>	<u>\$ 276,105</u>

## NOTE 9 - 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, 2022:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Treasury bills	\$ 2,749,420	\$ -	\$ 2,749,420	\$ -
Equities	2,399,244	2,399,244	-	-
Mutual funds	176,545	176,545	-	-
Certificate of deposit	101,554	101,554	-	-
Total	<u>\$ 5,426,763</u>	<u>\$ 2,677,343</u>	<u>\$ 2,749,420</u>	<u>\$ -</u>

## NOTE 10 - 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.

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, 2022, were as follows:

<u>Description</u>	<u>Quasi- Endowment</u>
Balance, beginning of year	\$ 5,619,613
Contributions	-
Investment return:	
Interest and dividend income	130,413
Unrealized gains(losses) on investments	(485,966)
Realized gains(losses) on sales of investments	(269,500)
Investment fees	(43,115)
	(668,168)
Appropriations - contributions to TFA	(100,000)
Balance, end of year	<u>\$ 4,851,445</u>

NOTE 11 - COMMITMENTS – OFFICE LEASE

During the year ended September 30, 2022, TFA rented office space under a lease originally executed June 7, 1999. The latest amendment extended the lease through August 1, 2022.

On January 11, 2022, a lease for office space was signed with a term of 84 months and an option to extend for an additional period of 60 months. The lease commencement date was in July 2022, upon the substantial completion of tenant improvements. TFA paid \$100,000 for leasehold improvements, which are capitalized and included in property and equipment. Rental expense escalates over the 84-month period at a rate of \$1.75 per square foot to \$2.05 during the final year. Rental expense during the year was \$109,464.

The future minimum payments per the lease agreement include:

<u>Fiscal years ending September 30th:</u>	<u>Amount</u>
2023	\$ 108,351
2024	111,425
2025	114,499
2026	117,573
2027	120,647
2028 and thereafter	228,742
Total	<u>\$ 801,237</u>

NOTE 12 - 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. Starting in June 2020, the employer match was increased to 5.0% of employee annual compensation. Employer contributions totaled \$50,253.

NOTE 13 - 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, \$245,800 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, 2022

	Trustees for Alaska	Trustees for Alaska Endowment Fund	Eliminations	Consolidated
<u>Assets</u>				
Cash and cash equivalents	\$ 727,294	\$ 1,893	\$ -	\$ 729,187
Accounts receivable	4,236	-	-	4,236
Grants receivable	50,000	-	-	50,000
Prepaid expenses	20,514	1,042	-	21,556
Investments	101,554	6,509,849	-	6,611,403
Property and equipment, net	137,670	-	-	137,670
Total assets	<u>\$ 1,041,268</u>	<u>\$ 6,512,784</u>	<u>\$ -</u>	<u>\$ 7,554,052</u>
<u>Liabilities and net assets</u>				
<u>Liabilities</u>				
Accounts payable	\$ 20,835	\$ -	\$ -	\$ 20,835
Accrued payroll expenses	92,768	-	-	92,768
Capital lease payable	9,720	-	-	9,720
Total liabilities	<u>123,323</u>	<u>-</u>	<u>-</u>	<u>123,323</u>
<u>Net assets</u>				
Without donor restrictions				
Undesignated	438,036	-	-	438,036
Board-designated - quasi endowment	-	4,851,445	-	4,851,445
Board-designated - operating reserves	150,000	1,525,864	-	1,675,864
Net investment in property and equipment	127,950	-	-	127,950
	715,986	6,377,309	-	7,093,295
With donor restrictions	201,959	135,475	-	337,434
Total net assets	<u>917,945</u>	<u>6,512,784</u>	<u>-</u>	<u>7,430,729</u>
Total liabilities and net assets	<u>\$ 1,041,268</u>	<u>\$ 6,512,784</u>	<u>\$ -</u>	<u>\$ 7,554,052</u>

See independent auditors' report

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

CONSOLIDATING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Trustees for Alaska	Trustees for Alaska Endowment Fund	Eliminations	Consolidated
<u>Revenue and other support</u>				
Grants	\$ 985,000	\$ -	\$ -	\$ 985,000
Contributions	495,144	-	(107,250)	387,894
Program service revenue	213,340	-	-	213,340
Investment income(loss)	2,095	(595,531)	-	(593,436)
Other income	22,113	-	-	22,113
In-kind donations	8,100	-	-	8,100
Total revenue and support	<u>1,725,792</u>	<u>(595,531)</u>	<u>(107,250)</u>	<u>1,023,011</u>
<u>Expense</u>				
Program services	1,262,050	107,250	(107,250)	1,262,050
Supporting services				
Management and general	193,978	49,392	-	243,370
Fund-raising	216,852	-	-	216,852
Total expense	<u>1,672,880</u>	<u>156,642</u>	<u>(107,250)</u>	<u>1,722,272</u>
Change in net assets	52,912	(752,173)	-	(699,261)
Net assets, beginning of year	<u>865,033</u>	<u>7,264,957</u>	<u>-</u>	<u>8,129,990</u>
Net assets, end of year	<u>\$ 917,945</u>	<u>\$ 6,512,784</u>	<u>\$ -</u>	<u>\$ 7,430,729</u>

See independent auditors' report

**TRUSTEES FOR ALASKA**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries and wages	\$ 843,086	\$ 109,819	\$ 142,039	\$ 1,094,944
Payroll taxes, benefits	199,400	25,828	33,619	258,847
Rent	83,798	10,715	14,951	109,464
Professional services	36,974	4,393	8,713	50,080
Dues and subscriptions	26,971	411	1,506	28,888
Accounting	-	25,213	-	25,213
Insurance	13,225	751	1,459	15,435
Printing and postage	872	106	7,951	8,929
Travel	8,205	-	371	8,576
Litigation costs	8,224	-	-	8,224
Telecommunications	5,994	757	1,027	7,778
Office equipment	4,711	612	795	6,118
Donations	5,155	-	-	5,155
Office supplies	3,218	289	499	4,006
Bank charges	-	3,822	-	3,822
Training	3,717	-	-	3,717
Communications	1,970	239	522	2,731
All other	6,795	9,225	2,090	18,110
	<u>1,252,315</u>	<u>192,180</u>	<u>215,542</u>	<u>1,660,037</u>
Depreciation	9,735	1,798	1,310	12,843
Total	<u><u>\$ 1,262,050</u></u>	<u><u>\$ 193,978</u></u>	<u><u>\$ 216,852</u></u>	<u><u>\$ 1,672,880</u></u>

See independent auditors' report

**TRUSTEES FOR ALASKA ENDOWMENT FUND**

**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Contribution expense	\$ 107,250	\$ -	\$ -	\$ 107,250
Investment management fees	-	43,995	-	43,995
Accounting	-	4,295	-	4,295
Insurance	-	1,042	-	1,042
Dues and subscriptions	-	50	-	50
Bank charges	-	10	-	10
Total	<u>\$ 107,250</u>	<u>\$ 49,392</u>	<u>\$ -</u>	<u>\$ 156,642</u>

See independent auditors' report