

**Alaska Wilderness League
and Affiliate
Consolidated Financial Statements
August 31, 2019**



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Alaska Wilderness League and Affiliate
Washington, DC

We have audited the accompanying consolidated financial statements of Alaska Wilderness League and Affiliate (collectively, the League), which comprise the consolidated statement of financial position as of August 31, 2019, and the related consolidated statement of activities, functional expenses, and cash flows for the eight-month period then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the League's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the League's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alaska Wilderness League and Affiliate as of August 31, 2019, and the changes in their net assets and their cash flows for the eight-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position, consolidating schedule of activities, consolidating schedule of functional expenses, and Alaska Wilderness League only schedule of functional expenses as of and for the eight-month period ended August 31, 2019 on pages 17-20 are presented for purposes of additional analysis, and are 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.

Squire, Lemke + Co., LLP

May 18, 2020

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 3,025,492
Investments	24,797
Accounts receivable	2,044
Grants and contributions receivable	100,000
Prepaid expenses and other assets	52,449
Prepaid rent allowance, current portion	62,425
TOTAL CURRENT ASSETS	<u>\$ 3,267,207</u>

PROPERTY AND EQUIPMENT:

Furniture, fixtures, and equipment	\$ 103,239
Leasehold improvements	257,754
Software	51,082
Total property and equipment	\$ 412,075
Less, accumulated depreciation and amortization	(203,048)
PROPERTY AND EQUIPMENT, NET	<u>\$ 209,027</u>

OTHER ASSETS:

Security deposit	\$ 31,103
Prepaid rent allowance, net of current portion	144,725
Restricted cash - board designated operating reserve	208,045
TOTAL OTHER ASSETS	<u>\$ 383,873</u>

TOTAL ASSETS

\$ 3,860,107

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 158,330
Capital lease obligation	1,788
Tenant security deposits	13,461
Leasehold improvement allowance, current portion	33,886
Lease incentive allowance, current portion	4,389
TOTAL CURRENT LIABILITIES	<u>\$ 211,854</u>

NON-CURRENT LIABILITIES:

Leasehold improvement allowance, net of current portion	\$ 163,782
Lease incentive allowance, net of current portion	21,211
TOTAL NON-CURRENT LIABILITIES	<u>\$ 184,993</u>

TOTAL LIABILITIES

\$ 396,847

NET ASSETS:

Without donor restrictions:	
Undesignated	\$ 2,075,970
Board-designated	208,045
Total without donor restrictions	\$ 2,284,015
With donor restrictions	1,179,245
TOTAL NET ASSETS	<u>\$ 3,463,260</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 3,860,107

The accompanying notes are an integral part of these consolidated financial statements.

ALASKA WILDERNESS LEAGUE AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE EIGHT-MONTH PERIOD ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE AND SUPPORT:			
Grants	\$ 889,999	\$ 1,058,700	\$ 1,948,699
Contributions	550,918	175,570	726,488
Interest income	14,777	-	14,777
Net appreciation in fair value of investments	219	-	219
Rental income	59,834	-	59,834
Other revenue	5,046	-	5,046
Net assets released from restrictions	943,383	(943,383)	-
TOTAL REVENUE AND SUPPORT	\$ 2,464,176	\$ 290,887	\$ 2,755,063
EXPENSES:			
Program services	\$ 1,716,457	\$ -	\$ 1,716,457
Supporting services:			
General and administrative	\$ 193,809	\$ -	\$ 193,809
Fundraising and development	323,745	-	323,745
Total supporting services	\$ 517,554	\$ -	\$ 517,554
TOTAL EXPENSES	\$ 2,234,011	\$ -	\$ 2,234,011
CHANGE IN NET ASSETS	\$ 230,165	\$ 290,887	\$ 521,052
NET ASSETS, BEGINNING OF YEAR	2,053,850	888,358	2,942,208
NET ASSETS, END OF YEAR	\$ 2,284,015	\$ 1,179,245	\$ 3,463,260

The accompanying notes are an integral part of these consolidated financial statements.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE EIGHT-MONTH PERIOD ENDED AUGUST 31, 2019

		Supporting Services		
	Program Services	General and Administrative	Fundraising and Development	Total
Salaries and related:				
Salaries	\$ 621,187	\$ 74,456	\$ 151,624	\$ 847,267
Payroll taxes	50,461	4,861	12,273	67,595
Pension expense	16,823	2,031	4,117	22,971
Other employee benefits	39,791	4,801	9,709	54,301
Total salaries and related	\$ 728,262	\$ 86,149	\$ 177,723	\$ 992,134
Accounting	-	28,117	-	28,117
Advocacy	5,449	-	128	5,577
Bank fees	4,243	993	3,870	9,106
Computer expenses	108,371	14,851	25,576	148,798
Conferences - Board of Directors	1,284	8,347	-	9,631
Constituency engagement	106,736	-	-	106,736
Consulting and professional fees	303,783	15,049	12,533	331,365
Depreciation and amortization	19,243	2,548	5,267	27,058
Direct mail	6,630	-	15,422	22,052
Dues and subscriptions	10,725	368	2,188	13,281
Equipment rental and repairs	5,797	593	174	6,564
Insurance	5,864	787	1,252	7,903
Legal fees	2,379	5,384	-	7,763
Licenses and fees	-	327	6,867	7,194
Major events	101,661	14	-	101,675
Miscellaneous expense	104	517	-	621
Postage	2,609	328	2,325	5,262
Printing and reproduction	20,795	598	8,585	29,978
Rent expense	211,607	24,639	49,992	286,238
Supplies	3,363	968	897	5,228
Telephone	6,829	993	1,641	9,463
Training and development	145	929	1,696	2,770
Travel	60,578	1,310	7,609	69,497
TOTAL EXPENSES	\$ 1,716,457	\$ 193,809	\$ 323,745	\$ 2,234,011

The accompanying notes are an integral part of these consolidated financial statements.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE EIGHT-MONTH PERIOD ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 521,052
Reconciliation adjustments:	
Depreciation and amortization	27,058
Donated securities	(97,726)
Net appreciation in fair value of investments	(219)
Changes in assets and liabilities:	
Accounts receivable	(789)
Grants and contributions receivable	380,000
Prepaid expenses and other assets	10,031
Prepaid rent allowance	46,305
Accounts payable and accrued expenses	116,879
Deferred revenue	(4,614)
Leasehold improvement allowance	(22,591)
Lease incentive allowance	(2,926)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 972,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales of donated stock	\$ 73,148
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>\$ 73,148</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on capital lease	\$ (2,605)
NET CASH USED IN FINANCING ACTIVITIES	<u>\$ (2,605)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,043,003
CASH AND CASH EQUIVALENTS:	
BEGINNING OF YEAR	<u>2,190,534</u>
END OF YEAR	<u><u>\$ 3,233,537</u></u>
SUPPLEMENTAL DISCLOSURES:	
Interest paid on capital lease	<u><u>\$ 113</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

Note 1. Organization and Significant Accounting Policies

Organization - The Alaska Wilderness League (AWL) is a District of Columbia not-for-profit organization established to further the protection of Alaska's public lands and waters. AWL develops educational programs and scientific research to support the protection of the lands and waters of Alaska. In addition, AWL supports legislation and administration initiatives that promote and protect the Alaskan environment. Through public education, AWL strengthens grassroots activism on behalf of Alaska's environment, and provides leadership within the environmental community on issues that concern Alaska.

AWL is the only Washington, DC-based conservation group devoted full-time to protecting the Arctic National Wildlife Refuge and other wilderness quality lands and waters offshore in Alaska. Founded in 1993, the League works at the federal level on a variety of issues affecting Alaska's wild lands and waters. With headquarters in DC and an office in Alaska, the League's mission is to lead the effort to preserve Alaska's wild lands and waters by engaging citizens and decision makers with a courageous, constant, victorious voice for Alaska.

Alaska Wilderness League Action (AWLA) is a District of Columbia not-for-profit organization established to promote national policies aimed at protecting the Arctic National Wildlife Refuge, Alaska's forests, and other wildlands in the State of Alaska.

Consolidation Policy - The consolidated financial statements include the accounts of Alaska Wilderness League and Alaska Wilderness League Action (collectively, the League). Inter-organizational accounts and transactions have been eliminated in consolidation.

Program Services - The League allocated their resources among the following programs:

The Arctic National Wildlife Refuge is our nation's greatest wilderness icon and must be protected for future generations. The Refuge is home to the Porcupine Caribou Herd, denning polar bears, musk oxen, wolves, and nearly 200 species of migratory birds. Its biological heart, the coastal plain, is no place for oil and gas drilling. The League works to stop efforts to sell off the Refuge's coastal plain for development and to support legislation to restore Refuge protections. We defend this iconic place by educating decision-makers through outreach to the public and the media about what is at stake.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

Note 1. Organization and Significant Accounting Policies (Continued)

Arctic Refuge Defense Campaign - AWL and AWLA, together with partners from the broader conservation community, has created a new Arctic Refuge campaign structure, entitled the Arctic Refuge Defense Campaign (ARDC). ARDC's overarching goal is to block exploration and leasing in the Arctic Refuge and restore protections for the coastal plain within four years. This new central campaign structure will employ a campaign director to identify and oversee the strategies necessary to restore protections for this iconic landscape. The ARDC will ensure that institutional resources currently being spent on Arctic Refuge staffing and campaign activities are fully leveraged and maximized to the greatest effect to build critical central infrastructure and deploy vital field, partnership and communications resources.

Tongass National Forest - At over 17 million acres, the Tongass is our nation's largest rainforest and one of the largest remaining temperate rainforests in the world. It is a place bursting with abundant wildlife - some of the largest remaining populations of black bear, eagles, and salmon thrive within the forest - and where southeast Alaskans rely on healthy lands and waterways for their way of life. The Tongass is an economic powerhouse where commercial fishing as well as tourism and recreation jobs are the fastest growing job sectors in the area. The League's program reaches out to Alaskans and public land lovers across the United States who support a sustainable future for the Tongass. In addition, the League is working to advance legislative protections for the forest while defending it from administrative and legislative threats aimed at giving away access to protected public lands.

The National Petroleum Reserve - Alaska - The Reserve is one of America's best-kept wilderness secrets. At 22 million acres, the Reserve is our nation's largest single piece of federal land. It contains rich wild lands and vibrant wildlife such as grizzly and polar bears, walrus, beluga whales, and caribou. The League's work focuses on upholding the current management plan for the Reserve that includes protection for 11 million acres of ecologically sensitive land, as well as opposing any legislative or administrative threats to the Reserve while educating the public in the Lower 48 about its amazing subsistence and wildlife values.

America's Arctic Ocean, the Beaufort and Chukchi Seas - These are some of the most unique marine ecosystems in the world. The Arctic Ocean is home to the entire population of U.S. polar bears and have consequently been designated critical habitat. Many of America's most beloved sea animals thrive here, including the endangered bowhead whale, walrus, seals, and countless birds. This marine wildlife, especially the bowhead whale, is vital to the survival of the subsistence culture of the Inupiat people of Alaska's North Slope. The League continues to lead coalition efforts to push back on future offshore oil and gas leasing and drilling, as well as coordinating a public campaign to maintain the current 125 million acres of protection that have been granted to the Arctic Ocean.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

Note 1. **Organization and Significant Accounting Policies** (Continued)

Accounting Method - The League's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned, and expenses are recognized when incurred.

Basis of Presentation - Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the League and changes therein are classified and reported as follows:

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 League. These net assets may be used at the discretion of the League, management and the board of directors. Board designated endowment funds are classified as net assets without donor restrictions.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of the League, or by the passage of time.

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 consolidated statement of activities.

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, the League considers all highly liquid debt instruments purchased with a maturity of three months or less, including money market accounts, to be cash and cash equivalents.

Restricted cash - The League established a board designated operating reserve that is funded in cash and cash equivalents. The operating reserve fund is restricted and requires approval from the Finance Committee to be accessed.

The following table provides a reconciliation of cash and cash equivalents, and restricted cash within the statement of financial position that sum to the totals of cash and cash equivalents used in the statement of cash flows.

Cash and cash equivalents	\$ 3,025,492
Restricted cash	208,045
Total	<u>\$ 3,233,537</u>

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

Note 1. **Organization and Significant Accounting Policies** (Continued)

Accounts Receivable - Accounts receivable are carried at original invoice amounts less an estimate for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The League believes all accounts receivable are fully collectible within one year. Therefore, no allowance for doubtful accounts has been established as of August 31, 2019.

Grants and Contributions Receivable - Grants and contributions receivable represent amounts committed by donors or grantors that have not been received by the League as of the consolidated statements of financial position date. Grants and contributions receivable are carried at their original amount less an estimate for doubtful receivables based on an annual review of all outstanding amounts. As of August 31, 2019, grants and contributions receivable are considered by management to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary. Grants and contributions receivable are due in less than one year.

Investments - Investments in marketable securities with readily determined fair market values and all investments in debt securities are reported at their fair value in the consolidated statement of financial position. The net appreciation in fair value of investments is reflected in the consolidated statement of activities. Interest is reported when earned. Donated investments are recorded at fair value on the date of donation.

Property and Equipment - Property and equipment are carried at cost. Major additions, replacements, and betterments with costs of at least \$2,500 and lives greater than one year are capitalized, while repairs and maintenance are expensed. Depreciation and amortization is computed using the straight-line method over the estimated useful lives ranging from three to seven years.

Revenue Recognition - Grants and contributions are recorded in revenue at the earlier of when received or unconditionally pledged. Conditional grants and contributions are recorded when conditions have been met. Rental income and other revenue is recorded in the period earned. Interest income is recorded when earned.

Donated Services - Volunteers contribute numerous hours supporting and promoting activities that protect the Alaskan environment. The value of these services has not been reflected in these consolidated financial statements. Contributed services are recognized as revenue at the fair value of the services provided if the services create or enhance non-financial assets or require specialized skills that would typically need to be purchased if not provided.

Advertising - The League expenses all advertising costs (advocacy costs) related to their purpose in the applicable period in which the cost is incurred.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

Note 1. **Organization and Significant Accounting Policies** (Continued)

Significant Estimates - The preparation of consolidated 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The League evaluates its estimates on an ongoing basis. Actual results could differ from those estimated amounts.

Income Taxes - AWL has been granted tax-exempt status under the Internal Revenue Code Section 501(c)(3) and is classified as an organization that is not a private foundation. AWA has been granted tax-exempt status under the Internal Revenue Code Section 501(c)(4). The League is required to report unrelated business income to the Internal Revenue Service. No provision for income taxes is reflected in the accompanying financial statements for the eight-month period ended August 31, 2019.

Accounting for Uncertain Tax Provisions - The League complies with the provisions of the FASB Accounting Standards Codification topic *Accounting for Uncertainty In Income Taxes*. For the eight-month period ended August 31, 2019, no unrecognized tax provision or benefit exists. Generally, the League is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for tax years ending before December 31, 2016.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain expenses have been allocated proportionately among the programs and supporting services to which they relate. Other costs, which are directly attributable to a specific program or supporting services activity, are charged directly to that program or supporting services activity.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related	Time and effort
Bank fees	Time and effort
Computer expenses	Time and effort
Depreciation and amortization	Time and effort
Dues and subscriptions	Time and effort
Equipment rental and repairs	Time and effort
Insurance	Time and effort
Postage	Time and effort
Printing and reproduction	Time and effort
Supplies	Time and effort
Rent expense	Time and effort
Telephone	Time and effort

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

Note 1. **Organization and Significant Accounting Policies** (Continued)

Change in Accounting Principle - In June 2018, FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis in 2019. Adoption of the ASU had no effect on the financial statements as the League's contributions were recognized the same way under old and new guidance.

Note 2. **Fiscal Year Change** - Effective for the calendar year beginning January 1, 2019, the League changed from a calendar year end of December 31 to a fiscal year end of August 31. An eight-month fiscal transition period from January 1, 2019 through August 31, 2019, precedes the start of the new fiscal year cycle and is presented in these financial statements.

Note 3. **Investments and Fair Value Measurements** - The accounting standards framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priorities to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets traded in active markets that the League has the ability to access.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

Note 3. Investments and Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy:

Common Stocks - Comprised of corporate stock, which are listed on a national market or exchange and are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

As of August 31, 2019, all of the investments were level 1, common stocks.

The following schedule summarizes the investment return including interest on savings accounts for the eight-month period ended August 31 2019:

Interest, net of fees	\$ 14,777
Net appreciation in fair value	<u>219</u>
Total	<u><u>\$ 14,996</u></u>

Note 4. Concentration of Credit Risk - The League maintains cash in several accounts. Each account is insured by the Federal Deposit Insurance Corporation (FDIC). The accounts maintained by the League may, at times, exceed federally insured limits. The League seeks to maximize its interest income while limiting its exposure and reducing amounts in excess of the FDIC limit.

Note 5. Group Concentration Revenue - The League receives the majority of their funding from not-for-profit organizations, private operating foundations and individuals that are interested in defending and protecting the Arctic National Wildlife Refuge, Alaskan forests, and other wilderness-quality lands in Alaska. For the eight-month period ended August 31, 2019, the financial contributions from two major donors were approximately 62.4% of the total revenue and support. One of these major donors, was also a board member of the League during the fiscal period, who made significant contributions, both individually and through a private foundation, to the League. During the eight-month period ended August 31, 2019, no other donor contributed more than 5% of total revenue and support.

Note 6. Capital Lease - In 2015, the League leased a copier under a capital lease with a capitalized cost of \$16,150. Accumulated depreciation for the leased equipment was \$14,266 as of August 31, 2019. Depreciation expense related to the capital lease was \$2,153 for the eight-month period ended August 31, 2019.

The liability related to the capital lease is included in capital lease obligation in the accompanying consolidated statements of financial position. The capital lease obligation is all current, as it is scheduled to be completed next fiscal year in February 2020. The present value of future minimum lease payments \$1,788, with total future minimum lease payments of \$1,812, and \$24 representing interest.

ALASKA WILDERNESS LEAGUE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2019

Note 7. **Net Assets With Donor Restrictions** - At August 31, 2019, net assets with donor restrictions were entirely composed of funds restricted for the Arctic Refuge Defense Campaign Program.

Note 8. **Board Designated** - During the eight-month period ended August 31, 2019, the League established an operating reserves policy. The purpose of the policy is to create an internal line of credit to manage cash flow and maintain financial flexibility. The League is targeting to grow the reserve fund by contributions of cash over the next seven years to be equal \$1,234,000, which represents six months of average operating costs. The Executive Director may access the reserve fund as long as sufficient funds are available to repay such usage within twelve months' time. To access the reserve fund, the Executive Director will submit a request to the Finance Committee. The request will include the analysis and determination of the use of funds and plans for replenishment. The Finance Committee will approve in writing or modify the request and authorize transfer from the fund.

The changes in net assets of the board designated fund consist of the following for the eight-month period ended August 31, 2019:

Balance, beginning of year	\$	--
Contributions		208,045
Interest and dividends		--
Balance, end of fiscal period	\$	<u>208,045</u>

Note 9. **Pension Plan** - The League sponsors a 401(k) plan and contributed 3% of total wages to all eligible employees regardless of employee deferrals.

Note 10. **Lease Commitments** - The League leases office space under a lease that expires on June 30, 2025, with annual increases of 2.75% and \$251,367 of rent abatements. Rent expense is recognized on a straight line basis, giving rise to a prepaid rent allowance, leasehold improvement allowance, and lease incentive allowance in the consolidated financial statements. In addition, the League is responsible for their pro rata share of tenant pass-through for real estate taxes and operating costs.

A portion of the office space is subleased to other organizations that have an interest in protecting public lands. One of the sublease agreements in effect as of August 31, 2019 extends into 2025. The remainder of the sublease agreements in effect are for terms of one year or less or are month-to-month lease agreements with the right to cancel.

The League's office lease agreement also allows for a build out allowance of up to \$284,337, of which \$35,840 may be applied towards monthly rent due under the lease prior to March 1, 2018. The leasehold improvements of \$248,497 have been capitalized and the corresponding leasehold improvement allowance has been recorded. In addition, \$35,840 has been recorded as a lease incentive allowance, for the portion applied to rent, and is being amortized over the remainder of the lease.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

Note 10. Lease Commitments (Continued)

The League also has one office location in Anchorage, Alaska. This lease agreement is on a month-to-month basis with the right to cancel.

Minimum future rental payments are as follows:

<u>Years Ending August 31,</u>	<u>Office Lease</u>	<u>Sublease Income</u>
2020	\$ 390,533	\$ 79,783
2021	401,272	57,927
2022	412,307	59,520
2023	423,646	61,157
2024	435,296	62,839
Thereafter	372,051	75,425
Totals	<u>\$ 2,435,105</u>	<u>\$ 396,651</u>

Note 11. Related Parties - Alaska Wilderness League Action Fund (PAC) exists to conduct political activities on behalf of the League's members. The PAC is a separate segregated fund as defined under Section 527(f) of the Internal Revenue Code. The PAC's assets totaled \$20,052 as of August 31, 2019. While the League has control and economic interest in the PAC, its financial information has not been included in the accompanying consolidated financial statements given the immateriality of its operations. However, certain administrative activities engaged in by the League in support of the PAC were included in the consolidated financial statements.

Note 12. Allocation of Joint Costs - During the eight-month period ended August 31, 2019, the League sent out direct mail for program outreach purposes. These mailings included a fundraising appeal for donations to support the League's various program services. For the eight-month period ended August 31, 2019, the cost of publishing and distributing the mailers totaled \$22,052. The joint costs are not directly attributed to either the program or fundraising activities.

Those joint costs were allocated as follows:

Programs:	
Arctic National Wildlife Refuge	\$ 2,749
Tongass National Forest	3,638
Arctic Ocean and Seas	243
Fundraising and development	15,422
Totals	<u>\$ 22,052</u>

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

Note 13. **Availability and Liquidity** - The following represents the League's financial assets at August 31, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 3,025,492
Accounts receivable	2,044
Grants and contributions receivable	100,000
Investments	<u>24,797</u>
Total current financial assets	<u>\$ 3,152,333</u>
Amounts not available to be used within one year:	
Net assets with donor restrictions	\$ 1,179,245
Less net assets with purpose restrictions to be met in less than a year	<u>(1,179,245)</u>
Total amounts not available to be used within one year	<u>\$ --</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,152,333</u>

The League regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The League has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the League considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the League operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The League also has board-designated net assets that serve as an operating reserve. The purpose of the operating reserve is to create an internal line of credit to manage cash flow and maintain financial flexibility.

Note 14. **Subsequent Events** - In preparing these consolidated financial statements, the League has evaluated events and transactions for potential recognition or disclosure through May 18, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have impacted program activities and grants. Other financial impact could occur though such potential impact is unknown at this time. In April 2020, the Organization received authorization from the Small Business Administration (SBA) for a \$244,800 Paycheck Protection Program loan to be used for payroll and a portion of the rent. The loan bears interest at 1.00% per annum and is for a period of 24 months, maturing in April of 2022. Payments are deferred for the first 7 months and the loan may be forgiven if certain circumstances are met.

SUPPLEMENTAL INFORMATION

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

AUGUST 31, 2019

ASSETS	<u>AWL</u>	<u>AWLA</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 2,657,159	\$ 368,333	\$ -	\$ 3,025,492
Accounts receivable	2,044	-	-	2,044
Grants and contributions receivable	75,000	25,000	-	100,000
Investments	24,797	-	-	24,797
Due from affiliate	130,914	-	(130,914)	-
Prepaid expenses and other assets	52,449	-	-	52,449
Prepaid rent allowance, current portion	62,425	-	-	62,425
TOTAL CURRENT ASSETS	<u>\$ 3,004,788</u>	<u>\$ 393,333</u>	<u>\$ (130,914)</u>	<u>\$ 3,267,207</u>
PROPERTY AND EQUIPMENT:				
Furniture, fixtures, and equipment	\$ 103,239	\$ -	\$ -	\$ 103,239
Leasehold improvements	257,754	-	-	257,754
Software	51,082	-	-	51,082
Total property and equipment	<u>\$ 412,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,075</u>
Less, accumulated depreciation and amortization	(203,048)	-	-	(203,048)
PROPERTY AND EQUIPMENT, NET	<u>\$ 209,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,027</u>
OTHER ASSETS:				
Security deposit	\$ 31,103	\$ -	\$ -	\$ 31,103
Prepaid rent allowance, net of current portion	144,725	-	-	144,725
Restricted cash - board designated operating reserve	208,045	-	-	208,045
TOTAL OTHER ASSETS	<u>\$ 383,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,873</u>
TOTAL ASSETS	<u>\$ 3,597,688</u>	<u>\$ 393,333</u>	<u>\$ (130,914)</u>	<u>\$ 3,860,107</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 140,810	\$ 17,520	\$ -	\$ 158,330
Capital lease obligation	1,788	-	-	1,788
Due to affiliate	-	130,914	(130,914)	-
Tenant security deposits	13,461	-	-	13,461
Leasehold improvement allowance, current portion	33,886	-	-	33,886
Lease incentive allowance, current portion	4,389	-	-	4,389
TOTAL CURRENT LIABILITIES	<u>\$ 194,334</u>	<u>\$ 148,434</u>	<u>\$ (130,914)</u>	<u>\$ 211,854</u>
NON-CURRENT LIABILITIES:				
Leasehold improvement allowance, net of current portion	\$ 163,782	\$ -	\$ -	\$ 163,782
Lease incentive allowance, net of current portion	21,211	-	-	21,211
TOTAL NON-CURRENT LIABILITIES	<u>\$ 184,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,993</u>
TOTAL LIABILITIES	<u>\$ 379,327</u>	<u>\$ 148,434</u>	<u>\$ (130,914)</u>	<u>\$ 396,847</u>
NET ASSETS:				
Without donor restrictions:				
Undesignated	\$ 1,909,518	\$ 166,452	\$ -	\$ 2,075,970
Board-designated	208,045	-	-	208,045
Total without donor restrictions	<u>\$ 2,117,563</u>	<u>\$ 166,452</u>	<u>\$ -</u>	<u>\$ 2,284,015</u>
With donor restrictions	1,100,798	78,447	-	1,179,245
TOTAL NET ASSETS	<u>\$ 3,218,361</u>	<u>\$ 244,899</u>	<u>\$ -</u>	<u>\$ 3,463,260</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,597,688</u>	<u>\$ 393,333</u>	<u>\$ (130,914)</u>	<u>\$ 3,860,107</u>

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE EIGHT-MONTH PERIOD ENDED AUGUST 31, 2019

	AWL			AWLA			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:									
Grants	\$ 739,999	\$ 1,058,700	\$ 1,798,699	\$ 150,000	\$ -	\$ 150,000	\$ 889,999	\$ 1,058,700	\$ 1,948,699
Contributions	449,967	130,570	580,537	100,951	45,000	145,951	550,918	175,570	726,488
Interest income	14,437	-	14,437	340	-	340	14,777	-	14,777
Net appreciation in fair value of investments	219	-	219	-	-	-	219	-	219
Rental income	59,834	-	59,834	-	-	-	59,834	-	59,834
Other revenue	5,046	-	5,046	-	-	-	5,046	-	5,046
Net assets released from restrictions	926,830	(926,830)	-	16,553	(16,553)	-	943,383	(943,383)	-
TOTAL REVENUE AND SUPPORT	\$ 2,196,332	\$ 262,440	\$ 2,458,772	\$ 267,844	\$ 28,447	\$ 296,291	\$ 2,464,176	\$ 290,887	\$ 2,755,063
EXPENSES:									
Program services	\$ 1,562,606	\$ -	\$ 1,562,606	\$ 153,851	\$ -	\$ 153,851	\$ 1,716,457	\$ -	\$ 1,716,457
Supporting services:									
General and administrative	\$ 184,213	\$ -	\$ 184,213	\$ 9,596	\$ -	\$ 9,596	\$ 193,809	\$ -	\$ 193,809
Fundraising and development	320,145	-	320,145	3,600	-	3,600	323,745	-	323,745
Total supporting services	\$ 504,358	\$ -	\$ 504,358	\$ 13,196	\$ -	\$ 13,196	\$ 517,554	\$ -	\$ 517,554
TOTAL EXPENSES	\$ 2,066,964	\$ -	\$ 2,066,964	\$ 167,047	\$ -	\$ 167,047	\$ 2,234,011	\$ -	\$ 2,234,011
CHANGE IN NET ASSETS	\$ 129,368	\$ 262,440	\$ 391,808	\$ 100,797	\$ 28,447	\$ 129,244	\$ 230,165	\$ 290,887	\$ 521,052
NET ASSETS, BEGINNING OF YEAR	1,988,195	838,358	2,826,553	65,655	50,000	115,655	2,053,850	888,358	2,942,208
NET ASSETS, END OF YEAR	\$ 2,117,563	\$ 1,100,798	\$ 3,218,361	\$ 166,452	\$ 78,447	\$ 244,899	\$ 2,284,015	\$ 1,179,245	\$ 3,463,260

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE EIGHT-MONTH PERIOD ENDED AUGUST 31, 2019

	AWL				AWLA				Total			
	Supporting Services				Supporting Services				Supporting Services			
	Program Services	General and Administrative	Fundraising and Development	Total	Program Services	General and Administrative	Fundraising and Development	Total	Program Services	General and Administrative	Fundraising and Development	Total
Salaries and related:												
Salaries	\$ 548,325	\$ 72,606	\$ 150,074	\$ 771,005	\$ 72,862	\$ 1,850	\$ 1,550	\$ 76,262	\$ 621,187	\$ 74,456	\$ 151,624	\$ 847,267
Payroll taxes	44,533	4,712	12,149	61,394	5,928	149	124	6,201	50,461	4,861	12,273	67,595
Pension expense	14,836	1,982	4,076	20,894	1,987	49	41	2,077	16,823	2,031	4,117	22,971
Other employee benefits	35,096	4,685	9,612	49,393	4,695	116	97	4,908	39,791	4,801	9,709	54,301
Total salaries and related	\$ 642,790	\$ 83,985	\$ 175,911	\$ 902,686	\$ 85,472	\$ 2,164	\$ 1,812	\$ 89,448	\$ 728,262	\$ 86,149	\$ 177,723	\$ 992,134
Accounting	-	26,528	-	26,528	-	1,589	-	1,589	-	28,117	-	28,117
Advocacy	5,449	-	128	5,577	-	-	-	-	5,449	-	128	5,577
Bank fees	3,749	493	3,829	8,071	494	500	41	1,035	4,243	993	3,870	9,106
Computer expenses	97,229	13,734	25,392	136,355	11,142	1,117	184	12,443	108,371	14,851	25,576	148,798
Conferences - Board of Directors	1,284	8,347	-	9,631	-	-	-	-	1,284	8,347	-	9,631
Constituency engagement	106,736	-	-	106,736	-	-	-	-	106,736	-	-	106,736
Consulting and professional fees	279,383	14,585	12,517	306,485	24,400	464	16	24,880	303,783	15,049	12,533	331,365
Depreciation and amortization	19,243	2,548	5,267	27,058	-	-	-	-	19,243	2,548	5,267	27,058
Direct mail	6,630	-	15,422	22,052	-	-	-	-	6,630	-	15,422	22,052
Dues and subscriptions	10,649	348	2,186	13,183	76	20	2	98	10,725	368	2,188	13,281
Equipment rental and repairs	5,712	591	172	6,475	85	2	2	89	5,797	593	174	6,564
Insurance	5,247	609	1,234	7,090	617	178	18	813	5,864	787	1,252	7,903
Legal fees	2,271	2,788	-	5,059	108	2,596	-	2,704	2,379	5,384	-	7,763
Licenses and fees	-	-	5,867	5,867	-	327	1,000	1,327	-	327	6,867	7,194
Major events	96,261	14	-	96,275	5,400	-	-	5,400	101,661	14	-	101,675
Miscellaneous expense	104	517	-	621	-	-	-	-	104	517	-	621
Postage	2,354	321	2,319	4,994	255	7	6	268	2,609	328	2,325	5,262
Printing and reproduction	20,686	595	8,583	29,864	109	3	2	114	20,795	598	8,585	29,978
Rent expense	187,510	24,034	49,492	261,036	24,097	605	500	25,202	211,607	24,639	49,992	286,238
Supplies	3,152	962	892	5,006	211	6	5	222	3,363	968	897	5,228
Telephone	6,000	975	1,629	8,604	829	18	12	859	6,829	993	1,641	9,463
Training and development	145	929	1,696	2,770	-	-	-	-	145	929	1,696	2,770
Travel	60,022	1,310	7,609	68,941	556	-	-	556	60,578	1,310	7,609	69,497
TOTAL EXPENSES	\$ 1,562,606	\$ 184,213	\$ 320,145	\$ 2,066,964	\$ 153,851	\$ 9,596	\$ 3,600	\$ 167,047	\$ 1,716,457	\$ 193,809	\$ 323,745	\$ 2,234,011

ALASKA WILDERNESS LEAGUE
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE EIGHT-MONTH PERIOD ENDED AUGUST 31, 2019

	Arctic National Wildlife Refuge	Tongass National Forest	National Petroleum Reserve - Alaska	Arctic Ocean and Seas	Arctic Refuge Defense Campaign	Total Program Expenses	General & Administrative	Fundraising & Development	Total Expenses
Salaries and related:									
Salaries	\$ 402,666	\$ 50,214	\$ 15,977	\$ 21,066	\$ 58,402	\$ 548,325	\$ 72,606	\$ 150,074	\$ 771,005
Payroll taxes	32,725	4,072	1,309	1,717	4,710	44,533	4,712	12,149	61,394
Pension expense	10,930	1,354	444	577	1,531	14,836	1,982	4,076	20,894
Other employee benefits	25,846	3,203	1,048	1,363	3,636	35,096	4,685	9,612	49,393
Total salaries and related	\$ 472,167	\$ 58,843	\$ 18,778	\$ 24,723	\$ 68,279	\$ 642,790	\$ 83,985	\$ 175,911	\$ 902,686
Accounting	-	-	-	-	-	-	26,528	-	26,528
Advocacy	4,545	904	-	-	-	5,449	-	128	5,577
Bank fees	2,743	344	107	143	412	3,749	493	3,829	8,071
Computer expenses	63,892	11,113	6,793	7,343	8,088	97,229	13,734	25,392	136,355
Conferences - Board of Directors	12	1,272	-	-	-	1,284	8,347	-	9,631
Constituency engagement	-	-	-	-	106,736	106,736	-	-	106,736
Consulting and professional fees	114,035	23,243	423	176	141,506	279,383	14,585	12,517	306,485
Depreciation and amortization	14,131	1,762	561	739	2,050	19,243	2,548	5,267	27,058
Direct mail	2,749	3,638	-	243	-	6,630	-	15,422	22,052
Dues and subscriptions	3,024	2,542	2,503	2,509	71	10,649	348	2,186	13,183
Equipment rental and repairs	2,070	61	17	24	3,540	5,712	591	172	6,475
Insurance	3,652	500	98	168	829	5,247	609	1,234	7,090
Legal fees	64	1,000	245	-	962	2,271	2,788	-	5,059
Licenses and fees	-	-	-	-	-	-	-	5,867	5,867
Major events	64,455	2,623	1,238	38	27,907	96,261	14	-	96,275
Miscellaneous expense	4	-	-	-	100	104	517	-	621
Postage	1,647	241	115	134	217	2,354	321	2,319	4,994
Printing and reproduction	6,222	4,790	4,745	4,751	178	20,686	595	8,583	29,864
Rent expense	134,543	18,268	7,159	8,791	18,749	187,510	24,034	49,492	261,036
Supplies	1,993	201	95	111	752	3,152	962	892	5,006
Telephone	4,415	516	212	249	608	6,000	975	1,629	8,604
Training and development	145	-	-	-	-	145	929	1,696	2,770
Travel	37,037	6,136	4,818	2,771	9,260	60,022	1,310	7,609	68,941
TOTAL EXPENSES	\$ 933,545	\$ 137,997	\$ 47,907	\$ 52,913	\$ 390,244	\$ 1,562,606	\$ 184,213	\$ 320,145	\$ 2,066,964