

**Alaska Wilderness League
and Affiliate
Consolidated Financial Statements
December 31, 2017 and 2016**



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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 (the League), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Reporting Entity

As discussed in Note 8 to the financial statements, previous financial statements only included the activity of Alaska Wilderness League. These financial statements reflect the activity of Alaska Wilderness League and Alaska Wilderness Action, a controlled entity. Our opinion is not modified with respect to this matter.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of activities and program expenses on pages 16-19 are 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 audits 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.

Sygnus, Lender + Co., LLP

March 29, 2018

ALASKA WILDERNESS LEAGUE AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,104,865	\$ 1,055,848
Certificates of deposit	-	250,010
Accounts receivable	129,820	10,821
Grants and contributions receivable	20,000	1,560,000
Prepaid expenses and other assets	62,027	11,696
Prepaid rent allowance, current portion	108,119	-
TOTAL CURRENT ASSETS	<u>\$ 2,424,831</u>	<u>\$ 2,888,375</u>
PROPERTY AND EQUIPMENT:		
Furniture, fixtures, and equipment	\$ 171,068	\$ 173,669
Leasehold improvements	225,653	115,372
Software	58,888	58,888
Total property and equipment	<u>\$ 455,609</u>	<u>\$ 347,929</u>
Less, accumulated depreciation and amortization	(334,513)	(319,170)
PROPERTY AND EQUIPMENT, NET	<u>\$ 121,096</u>	<u>\$ 28,759</u>
OTHER ASSETS:		
Security deposit	\$ 24,551	\$ 23,251
Prepaid rent allowance, net of current portion	253,455	165,976
TOTAL OTHER ASSETS	<u>\$ 278,006</u>	<u>\$ 189,227</u>
TOTAL ASSETS	<u>\$ 2,823,933</u>	<u>\$ 3,106,361</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 368,829	\$ 55,900
Capital lease obligation, current portion	3,337	3,186
Deferred revenue	-	2,990
Tenant security deposits	20,311	16,323
Lease incentive allowance, current portion	4,388	-
TOTAL CURRENT LIABILITIES	<u>\$ 396,865</u>	<u>\$ 78,399</u>
NON-CURRENT LIABILITIES:		
Capital lease obligation, net of current portion	\$ 4,394	\$ 7,731
Lease incentive allowance, net of current portion	28,526	-
Leasehold improvement allowance	110,281	-
TOTAL NON-CURRENT LIABILITIES	<u>\$ 143,201</u>	<u>\$ 7,731</u>
TOTAL LIABILITIES	<u>\$ 540,066</u>	<u>\$ 86,130</u>
NET ASSETS:		
Unrestricted	\$ 2,103,409	\$ 1,480,231
Temporarily restricted	180,458	1,540,000
TOTAL NET ASSETS	<u>\$ 2,283,867</u>	<u>\$ 3,020,231</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,823,933</u>	<u>\$ 3,106,361</u>

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

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2017		2016		Totals
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
REVENUE AND SUPPORT:					
Grants	\$ 435,000	\$ 1,215,000	\$ 135,000	\$ 1,895,000	\$ 2,030,000
Contributions	1,264,275	-	1,086,149	-	1,086,149
Event revenue	-	-	38,000	-	38,000
Interest income	3,342	-	5,892	-	5,892
Net appreciation (depreciation) in fair value of investments	903	-	(394)	-	(394)
Rental income	164,081	-	203,782	-	203,782
Other revenue	19,597	-	25,219	-	25,219
Net assets released from restrictions	2,574,542	(2,574,542)	2,035,000	(2,035,000)	-
TOTAL REVENUE AND SUPPORT	\$ 4,461,740	\$ (1,359,542)	\$ 3,102,198	\$ (140,000)	\$ 3,388,648
EXPENSES:					
Program services	\$ 3,028,675	-	\$ 2,787,737	-	\$ 2,787,737
Supporting services:					
General and administrative	\$ 282,039	-	\$ 202,652	-	\$ 202,652
Fundraising and development	527,848	-	413,128	-	413,128
Total supporting services	\$ 809,887	-	\$ 615,780	-	\$ 615,780
TOTAL EXPENSES	\$ 3,838,562	\$ -	\$ 3,403,517	\$ -	\$ 3,403,517
CHANGE IN NET ASSETS	\$ 623,178	\$ (1,359,542)	\$ 125,131	\$ (140,000)	\$ (14,869)
NET ASSETS, BEGINNING OF YEAR	1,480,231	1,540,000	1,355,100	1,680,000	3,035,100
NET ASSETS, END OF YEAR	\$ 2,103,409	\$ 180,458	\$ 1,480,231	\$ 1,540,000	\$ 3,020,231

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

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising and Development	
Salaries and related:				
Salaries	\$ 1,097,982	\$ 74,868	\$ 179,532	\$ 1,352,382
Payroll taxes	83,749	5,674	13,566	102,989
Pension expense	25,932	1,790	4,285	32,007
Other employee benefits	68,443	4,699	11,207	84,349
Total salaries and related	<u>\$ 1,276,106</u>	<u>\$ 87,031</u>	<u>\$ 208,590</u>	<u>\$ 1,571,727</u>
Accounting	-	23,285	-	23,285
Advocacy	84,842	90	-	84,932
Bad debt	-	867	-	867
Bank fees	3,353	1,058	9,382	13,793
Computer expenses	116,750	9,468	26,617	152,835
Conferences - Board of Directors	674	9,230	-	9,904
Consulting and professional fees	365,782	101,263	135,632	602,677
Depreciation and amortization	14,540	993	2,411	17,944
Direct mail	37,626	-	38,878	76,504
Dues and subscriptions	13,335	203	142	13,680
Equipment rental and repairs	1,765	5,054	261	7,080
Grant awards	565,624	-	-	565,624
Insurance	9,995	1,369	1,637	13,001
Legal fees	134	2,052	-	2,186
Licenses and fees	-	159	9,925	10,084
Major events	64,320	-	7,030	71,350
Merchandise	-	-	924	924
Miscellaneous expense	1,000	118	-	1,118
Postage	11,906	766	3,114	15,786
Printing and reproduction	15,694	4	3,098	18,796
Rent expense	376,969	24,853	59,507	461,329
Supplies	2,023	11,640	1,744	15,407
Telephone	15,760	556	2,599	18,915
Training and development	648	-	1,516	2,164
Travel	49,829	1,980	14,841	66,650
TOTAL EXPENSES	<u><u>\$ 3,028,675</u></u>	<u><u>\$ 282,039</u></u>	<u><u>\$ 527,848</u></u>	<u><u>\$ 3,838,562</u></u>

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

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising and Development	
Salaries and related:				
Salaries	\$ 1,230,210	\$ 77,691	\$ 138,566	\$ 1,446,467
Payroll taxes	96,069	6,065	10,839	112,973
Pension expense	34,432	2,169	3,875	40,476
Other employee benefits	86,973	5,225	9,795	101,993
Total salaries and related	\$ 1,447,684	\$ 91,150	\$ 163,075	\$ 1,701,909
Accounting	-	22,335	-	22,335
Advocacy	74,156	90	-	74,246
Bank fees	5,158	712	8,154	14,024
Computer expenses	112,914	6,516	24,306	143,736
Conferences - Board of Directors	-	8,888	-	8,888
Consulting and professional fees	257,708	26,508	47,355	331,571
Depreciation and amortization	27,668	1,740	3,115	32,523
Direct mail	95,963	-	57,513	153,476
Dues and subscriptions	13,124	1,335	349	14,808
Equipment rental and repairs	4,672	4,834	528	10,034
Insurance	14,179	1,498	1,579	17,256
Legal fees	1,299	1,734	-	3,033
Licenses and fees	290	820	9,214	10,324
Major events	184,687	-	24,816	209,503
Merchandise	92	-	2,786	2,878
Miscellaneous expense	280	4,532	-	4,812
Postage	16,334	1,950	1,850	20,134
Printing and reproduction	22,271	85	5,900	28,256
Rent expense	403,000	23,581	43,442	470,023
Supplies	3,115	1,817	1,402	6,334
Telephone	21,137	1,325	2,390	24,852
Training and development	2,150	503	1,611	4,264
Travel	79,856	699	13,743	94,298
TOTAL EXPENSES	\$ 2,787,737	\$ 202,652	\$ 413,128	\$ 3,403,517

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

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (736,364)	\$ (14,869)
Reconciliation adjustments:		
Depreciation and amortization	17,944	32,523
Donated securities	(281,873)	(53,506)
Net (appreciation) depreciation in fair value of investments	(903)	394
Changes in assets and liabilities:		
Certificates of deposit	250,010	(250,010)
Accounts receivable	(118,999)	3,027
Grants and contributions receivable	1,540,000	(1,390,000)
Prepaid expenses and other assets	(50,331)	21,532
Prepaid rent allowance	(195,598)	(119,318)
Security deposit	(1,300)	1,300
Accounts payable and accrued expenses	312,929	(43,816)
Deferred revenue	(2,990)	(2,839)
Tenant security deposits	3,988	500
Lease incentive allowance	32,914	-
Leasehold improvement allowance	110,281	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 879,708	\$ (1,815,082)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	\$ (110,281)	\$ (3,768)
Proceeds from sales of donated stock	282,776	53,112
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ 172,495	\$ 49,344
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease	\$ (3,186)	\$ (3,042)
NET CASH USED IN FINANCING ACTIVITIES	\$ (3,186)	\$ (3,042)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,049,017	\$ (1,768,780)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF YEAR	1,055,848	2,824,628
END OF YEAR	\$ 2,104,865	\$ 1,055,848
SUPPLEMENTAL DISCLOSURES:		
Interest paid on capital lease	\$ 438	\$ 581
Fully depreciated equipment recycled	\$ 2,601	\$ 9,348

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

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 Action 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 Action, and are collectively referred to as 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. Drilling in the Arctic Refuge will do nothing to lower today's gas prices and will not address our nation's long-term energy needs. The League works to defend and protect this iconic place by educating the public and decision-makers through outreach and the media about what is at stake, advancing legislation and other tactics that will hold off any development on the Coastal Plain of the Refuge, and seeking strong long term protections.

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 still live a traditional life off of its lands and waterways. 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.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

Tongass National Forest (Continued) -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 protections for the forest while defending it from any threats. The League raised public awareness on the Tongass Land Use Management Plan and delivered over 175,000 comments to the Forest Service supporting forest protection, and is now working to protect that plan in Congress.

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 the subsistence and wildlife values of the Reserve.

America's Arctic Ocean, the Beaufort and Chukchi Seas 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 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. The League also reaches out to people living on the front lines of development through the Environmental Justice campaign.

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 - The League presents its consolidated financial statements in accordance with the disclosure and display requirements of the *Financial Statements for Not-For-Profit Organizations* topic of the FASB Accounting Standards Codification. Accordingly, the net assets of the League are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

Net assets of the two restricted classes are created only by contributions with donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Under these provisions, net assets, revenue, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

Unrestricted net assets - consists of assets, public support, and program revenue that are available and used for operations and programs. The net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets whose use by the League is subject to donor-imposed stipulations that can be fulfilled by actions of the League pursuant to those stipulations or that expire by the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the consolidated statements of activities as net assets released from restrictions.

Permanently restricted net assets - comprised of net assets subject to permanent donor restrictions that stipulate the assets be maintained permanently, but allows part or all of the income from donated assets to be spent. There were no permanently restricted net assets as of December 31, 2017 and 2016.

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.

Certificates of Deposit - Certificates of deposit with an original maturity of greater than three months are recorded at fair value which includes accumulated earnings.

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 for the years ended December 31, 2017 and 2016.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

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 dates. 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. For the years ended December 31, 2017 and 2016, 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 statements of financial position. The net appreciation (depreciation) in fair value of investments is reflected in the consolidated statements of activities. Interest and dividends are reported when earned. All donated securities are immediately sold and no investments were held as of December 31, 2017 and 2016.

Property and Equipment - Property and equipment are carried at cost. Expenditures that extend the life of an asset are capitalized while repairs and maintenance are expensed. The League capitalizes property and equipment with a cost of \$1,000 or greater. Depreciation and amortization is computed using the straight-line method over the estimated useful lives ranging from three to ten 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. Event revenue is recorded at the time of the event.

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
DECEMBER 31, 2017 AND 2016

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.

Functional Allocation of Expenses - Expenses are charged on a direct functional basis among the various programs and support services. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated to the various programs.

The operating expenses of the League are allocated to the following three categories based on management's estimate of time spent and expenses applicable to each of the functions:

Program services - costs associated with producing educational materials, providing knowledge, and sponsoring research and development related to the protection of the Alaskan environment.

General and administrative - costs of operating the office and related expenses, including the processing of financial and legal information.

Fundraising and development - costs associated with the direct solicitation of contributions and expenses for major events to raise funds to promote the mission of the League, and expenses incurred by the League for implementation of various fundraising programs. These costs include payroll, fringe benefits, and fundraising expenses that also include location rental, food, supplies and travel.

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. For the years ended December 31, 2017 and 2016, the League did not have any taxable net income and neither paid nor accrued any federal or state income tax.

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 years ended December 31, 2017 and 2016, 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, 2014.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

Reclassifications - Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported net assets.

Note 2. **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 3. **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 \$8,883 and \$5,653 as of December 31, 2017 and 2016, respectively. Depreciation expense related to the capital lease was \$3,230 for both of the years ended December 31, 2017 and 2016.

The liability related to the capital lease is included in capital lease obligation in the accompanying consolidated statements of financial position. Future minimum lease payments are as follows for the years ending December 31:

2018	\$	3,624
2019		3,624
2020		<u>906</u>
Future minimum payments	\$	8,154
Less, amount representing interest		<u>(423)</u>
Present value of net minimum lease payments		<u>\$ 7,731</u>

Note 4. **Temporarily Restricted Net Assets** - As of December 31, 2017 and 2016, the League's temporarily restricted net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Time restricted:		
General support	\$ --	\$ 1,250,000
Purpose restricted:		
Arctic Defense	101,836	--
Arctic Ocean	--	40,000
Development activities	<u>78,622</u>	<u>250,000</u>
Totals	<u>\$ 180,458</u>	<u>\$ 1,540,000</u>

ALASKA WILDERNESS LEAGUE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

- 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. A major donor, who was also a board member of the League during 2017 and 2016, made significant contributions, both individually and through a private foundation, to the League. For the years ended December 31, 2017 and 2016, the financial contributions were approximately 32.2% and 44%, respectively, of the total revenue and support.
- Note 6. **Pension Plan** - The League sponsors a 401(k) plan and contributed 3% of total wages to all eligible employees regardless of employee deferrals
- Note 7. **Lease Commitments** - The League leases two office suites under an amended lease agreement. Per the amended agreement signed on July 10, 2014, the League will relinquish one of the office suites on February 28, 2018, and extend the term of the remaining office suite through June 30, 2025, with annual increases of 2.75% to the monthly rental payments. The new lease also provides \$251,367 of rent abatements. Rent expense is recognized on a straight line basis, giving rise to a deferred lease benefit 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 December 31, 2017 extends into 2018. 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 \$286,820, of which \$35,840 may be applied towards monthly rent due under the lease prior to March 1, 2018. As of December 31, 2017, \$110,281 of expenses have been incurred for leasehold improvements. The leasehold improvements have been capitalized and the corresponding leasehold improvement allowance has been recorded. Amortization of these leasehold improvements will begin when construction is complete and continue over the life of the lease. In addition, \$35,840 has been recorded as a lease incentive allowance and is being amortized over the remainder of the lease.

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.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 7. **Lease Commitments** (Continued)

Minimum future rental payments are as follows:

<u>Years Ending December 31,</u>	<u>Office Lease</u>	<u>Sublease Income</u>
2018	\$ 344,839	\$ 2,730
2019	383,502	--
2020	394,048	--
2021	404,884	--
2022	416,019	--
Thereafter	<u>1,092,320</u>	<u>--</u>
Totals	<u>\$ 3,035,612</u>	<u>\$ 2,730</u>

Note 8. **Change in Reporting Entity** - AWL and AWA share certain personnel, expenses, office space, and governance members. Previously, the two entities did not present consolidated financial statements due to the immaterial size of AWA. In 2017, AWA's activity became material, which required consolidation in order for the financial statements to be in conformity with accounting principles generally accepted in the United States of America. The financial statements for both of the years ended December 31, 2017 and 2016 have been presented on a consolidated basis. Consolidating AWA into AWL's financial statements decreased net assets by \$12,643 for the year ended December 31, 2016, and increased net assets by \$380,172 for the year ended December 31, 2017.

Note 9. **Allocation of Joint Costs** - During the years ended December 31, 2017 and 2016, 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 years ended December 31, 2017 and 2016, the cost of publishing and distributing the mailers totaled \$76,504 and \$153,476, respectively. The joint costs are not directly attributed to either the program or fundraising activities.

Those joint costs were allocated as follows:

	<u>2017</u>	<u>2016</u>
Programs:		
Arctic National Wildlife Refuge	\$ 21,347	\$ 55,592
Tongass National Forest	1,213	1,903
National Petroleum Reserve - Alaska	7,370	16,568
Arctic Ocean and Seas	7,696	21,900
Fundraising and development	<u>38,878</u>	<u>57,513</u>
Totals	<u>\$ 76,504</u>	<u>\$ 153,476</u>

Note 10. **Subsequent Events** - In preparing these consolidated financial statements, the League has evaluated events and transactions for potential recognition or disclosure through March 29, 2018, the date the consolidated financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.

SUPPLEMENTAL INFORMATION

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Alaska Wilderness League		Alaska Wilderness Action		2017 Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
REVENUE AND SUPPORT:					
Grants	\$ 235,000	\$ 215,000	\$ 200,000	\$ 1,000,000	\$ 1,650,000
Contributions	1,096,517	-	167,758	-	1,264,275
Event revenue	-	-	-	-	-
Interest income	3,125	-	217	-	3,342
Net appreciation in fair value of investments	442	-	461	-	903
Rental income	164,081	-	-	-	164,081
Other revenue	19,597	-	-	-	19,597
Net assets released from restrictions	1,676,378	(1,676,378)	898,164	(898,164)	-
TOTAL REVENUE AND SUPPORT	\$ 3,195,140	\$ (1,461,378)	\$ 1,266,600	\$ 101,836	\$ 3,102,198
EXPENSES:					
Program services	\$ 2,055,770	-	\$ 972,905	-	\$ 3,028,675
Supporting services:					
General and administrative	\$ 266,970	-	\$ 15,069	-	\$ 282,039
Fundraising and development	527,558	-	290	-	527,848
Total supporting services	\$ 794,528	-	\$ 15,359	-	\$ 809,887
TOTAL EXPENSES	\$ 2,850,298	\$ -	\$ 988,264	\$ -	\$ 3,838,562
CHANGE IN NET ASSETS	\$ 344,842	\$ (1,461,378)	\$ 278,336	\$ 101,836	\$ (736,364)
NET ASSETS, BEGINNING OF YEAR	1,445,006	1,540,000	35,225	-	3,020,231
NET ASSETS, END OF YEAR	\$ 1,789,848	\$ 78,622	\$ 313,561	\$ 101,836	\$ 2,283,867

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

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Alaska Wilderness League		Alaska Wilderness Action		2016 Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
REVENUE AND SUPPORT:					
Grants	\$ 135,000	\$ 1,895,000	\$ -	\$ -	\$ 2,030,000
Contributions	1,086,149	-	-	-	1,086,149
Event revenue	38,000	-	-	-	38,000
Interest income	5,892	-	-	-	5,892
Net depreciation in fair value of investments	(394)	-	-	-	(394)
Rental income	203,782	-	-	-	203,782
Other revenue	22,323	-	2,896	-	25,219
Net assets released from restrictions	2,035,000	(2,035,000)	-	-	-
TOTAL REVENUE AND SUPPORT	\$ 3,525,752	\$ (140,000)	\$ 2,896	\$ -	\$ 3,388,648
EXPENSES:					
Program services	\$ 2,775,317	\$ -	\$ 12,420	\$ -	\$ 2,787,737
Supporting services:					
General and administrative	\$ 199,533	\$ -	\$ 3,119	\$ -	\$ 202,652
Fundraising and development	413,128	-	-	-	413,128
Total supporting services	\$ 612,661	\$ -	\$ 3,119	\$ -	\$ 615,780
TOTAL EXPENSES	\$ 3,387,978	\$ -	\$ 15,539	\$ -	\$ 3,403,517
CHANGE IN NET ASSETS	\$ 137,774	\$ (140,000)	\$ (12,643)	\$ -	\$ (14,869)
NET ASSETS, BEGINNING OF YEAR	1,307,232	1,680,000	47,868	-	3,035,100
NET ASSETS, END OF YEAR	\$ 1,445,006	\$ 1,540,000	\$ 35,225	\$ -	\$ 3,020,231

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

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF PROGRAM EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Arctic National Wildlife Refuge	Tongass National Forest	National Petroleum Reserve - Alaska	Arctic Ocean and Seas	Total Programs
Salaries and related:					
Salaries	\$ 490,722	\$ 176,153	\$ 175,951	\$ 255,156	\$ 1,097,982
Payroll taxes	36,670	13,554	13,602	19,923	83,749
Pension expense	11,210	4,194	4,218	6,310	25,932
Other employee benefits	29,879	11,068	11,115	16,381	68,443
Total salaries and related	\$ 568,481	\$ 204,969	\$ 204,886	\$ 297,770	\$ 1,276,106
Advocacy	73,310	3,844	3,844	3,844	84,842
Bank fees	1,516	545	549	743	3,353
Computer expenses	48,802	20,986	20,934	26,028	116,750
Conferences - Board of Directors	476	66	66	66	674
Consulting and professional fees	350,024	2,899	2,893	9,966	365,782
Depreciation and amortization	6,502	2,327	2,324	3,387	14,540
Direct mail	21,347	1,213	7,370	7,696	37,626
Dues and subscriptions	3,413	3,354	3,265	3,303	13,335
Equipment rental and repairs	876	266	266	357	1,765
Grant awards	565,624	-	-	-	565,624
Insurance	4,426	1,718	1,774	2,077	9,995
Legal fees	-	-	-	134	134
Major events	44,123	346	399	19,452	64,320
Miscellaneous expense	250	250	250	250	1,000
Postage	4,915	2,220	2,174	2,597	11,906
Printing and reproduction	4,989	3,489	3,497	3,719	15,694
Rent expense	168,196	59,739	62,046	86,988	376,969
Supplies	869	350	350	454	2,023
Telephone	6,979	2,525	2,527	3,729	15,760
Training and development	162	162	162	162	648
Travel	24,726	6,004	5,011	14,088	49,829
TOTAL EXPENSES	\$ 1,900,006	\$ 317,272	\$ 324,587	\$ 486,810	\$ 3,028,675

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

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF PROGRAM EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Arctic National Wildlife Refuge</u>	<u>Tongass National Forest</u>	<u>National Petroleum Reserve - Alaska</u>	<u>Arctic Ocean and Seas</u>	<u>Total Programs</u>
Salaries and related:					
Salaries	\$ 436,813	\$ 226,606	\$ 188,523	\$ 378,268	\$ 1,230,210
Payroll taxes	34,101	17,707	14,756	29,505	96,069
Pension expense	12,224	6,345	5,268	10,595	34,432
Other employee benefits	30,887	16,028	13,308	26,750	86,973
Total salaries and related	<u>\$ 514,025</u>	<u>\$ 266,686</u>	<u>\$ 221,855</u>	<u>\$ 445,118</u>	<u>\$ 1,447,684</u>
Advocacy	7,386	844	844	65,082	74,156
Bank fees	1,838	948	794	1,578	5,158
Computer expenses	36,770	23,466	20,702	31,976	112,914
Consulting and professional fees	213,992	1,932	2,143	39,641	257,708
Depreciation and amortization	9,812	5,103	4,234	8,519	27,668
Direct mail	55,592	1,903	16,568	21,900	95,963
Dues and subscriptions	3,196	3,208	3,100	3,620	13,124
Equipment rental and repairs	1,589	795	658	1,630	4,672
Insurance	5,093	2,666	1,999	4,421	14,179
Legal fees	120	238	-	941	1,299
Licenses and fees	-	-	-	290	290
Major events	41,398	12,344	1,081	129,864	184,687
Merchandise	23	23	23	23	92
Miscellaneous expense	82	66	66	66	280
Postage	9,624	2,093	1,925	2,692	16,334
Printing and reproduction	8,840	3,830	3,815	5,786	22,271
Rent expense	140,771	76,888	61,688	123,653	403,000
Supplies	1,122	618	574	801	3,115
Telephone	7,486	3,907	3,257	6,487	21,137
Training and development	505	635	505	505	2,150
Travel	25,846	10,474	8,004	35,532	79,856
TOTAL EXPENSES	<u>\$ 1,085,110</u>	<u>\$ 418,667</u>	<u>\$ 353,835</u>	<u>\$ 930,125</u>	<u>\$ 2,787,737</u>

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