

**Alaska Wilderness League
and Affiliate
Consolidated Financial Statements
August 31, 2020**



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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, 2020, and the related consolidated statement of activities, functional expenses, and cash flows for the year ended 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, 2020, and the changes in their net assets and their cash flows for the year ended 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 year ended August 31, 2020 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

April 1, 2021

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2020

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,015,209
Accounts receivable	3,959
Grants and contributions receivable	179,830
Prepaid expenses and other assets	50
Prepaid rent allowance, current portion	51,686
TOTAL CURRENT ASSETS	<u>\$ 4,250,734</u>

PROPERTY AND EQUIPMENT:

Furniture, fixtures, and equipment	\$ 87,089
Leasehold improvements	257,754
Software	51,082
Total property and equipment	<u>\$ 395,925</u>
Less, accumulated depreciation and amortization	(225,530)
PROPERTY AND EQUIPMENT, NET	<u>\$ 170,395</u>

OTHER ASSETS:

Security deposit	\$ 31,103
Prepaid rent allowance, net of current portion	93,039
Restricted cash - board designated operating reserve	411,230
TOTAL OTHER ASSETS	<u>\$ 535,372</u>

TOTAL ASSETS	<u><u>\$ 4,956,501</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 284,904
Deferred revenue	4,741
Tenant security deposits	10,740
Note payable, current portion	143,073
Leasehold improvement allowance, current portion	33,886
Lease incentive allowance, current portion	4,388
TOTAL CURRENT LIABILITIES	<u>\$ 481,732</u>

NON-CURRENT LIABILITIES:

Note payable, net of current portion	\$ 101,727
Leasehold improvement allowance, net of current portion	129,896
Lease incentive allowance, net of current portion	16,823
TOTAL NON-CURRENT LIABILITIES	<u>\$ 248,446</u>

TOTAL LIABILITIES	<u>\$ 730,178</u>
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NET ASSETS:

Without donor restrictions:	
Undesignated	\$ 2,832,024
Board-designated	411,230
Total without donor restrictions	<u>\$ 3,243,254</u>
With donor restrictions	983,069
TOTAL NET ASSETS	<u>\$ 4,226,323</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,956,501</u></u>
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The accompanying notes are an integral part of these consolidated financial statements.

ALASKA WILDERNESS LEAGUE AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE AND SUPPORT:			
Grants	\$ 1,247,000	\$ 2,189,700	\$ 3,436,700
Contributions	1,577,765	434,000	2,011,765
Interest income	23,080	-	23,080
Net depreciation in fair value of investments	(338)	-	(338)
Rental income	96,874	-	96,874
Other revenue	2,931	-	2,931
Net assets released from restrictions	2,819,876	(2,819,876)	-
TOTAL REVENUE AND SUPPORT	<u>\$ 5,767,188</u>	<u>\$ (196,176)</u>	<u>\$ 5,571,012</u>
EXPENSES:			
Program services	\$ 4,029,298	\$ -	\$ 4,029,298
Supporting services:			
General and administrative	\$ 219,647	\$ -	\$ 219,647
Fundraising and development	559,004	-	559,004
Total supporting services	<u>\$ 778,651</u>	<u>\$ -</u>	<u>\$ 778,651</u>
TOTAL EXPENSES	<u>\$ 4,807,949</u>	<u>\$ -</u>	<u>\$ 4,807,949</u>
CHANGE IN NET ASSETS	\$ 959,239	\$ (196,176)	\$ 763,063
NET ASSETS, BEGINNING OF YEAR	<u>2,284,015</u>	<u>1,179,245</u>	<u>3,463,260</u>
NET ASSETS, END OF YEAR	<u>\$ 3,243,254</u>	<u>\$ 983,069</u>	<u>\$ 4,226,323</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 AUGUST 31, 2020

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising and Development	
Salaries and related:				
Salaries	\$ 1,183,646	\$ 75,219	\$ 189,206	\$ 1,448,071
Payroll taxes	87,753	5,638	14,204	107,595
Pension expense	32,399	2,268	5,215	39,882
Other employee benefits	76,904	5,802	12,384	95,090
Total salaries and related	\$ 1,380,702	\$ 88,927	\$ 221,009	\$ 1,690,638
Accounting	-	24,997	-	24,997
Advocacy	666,138	-	12,874	679,012
Bank fees	5,289	1,714	19,018	26,021
Computer expenses	97,814	15,961	59,405	173,180
Conferences - Board of Directors	-	6,516	4,227	10,743
Constituency engagement	306,573	-	-	306,573
Consulting and professional fees	909,194	9,387	70,249	988,830
Depreciation and amortization	29,338	2,554	6,740	38,632
Direct mail	41,461	-	29,020	70,481
Dues and subscriptions	22,814	223	2,463	25,500
Equipment rental and repairs	4,639	7,868	471	12,978
Grants	90,000	-	-	90,000
Insurance	14,970	1,579	2,310	18,859
Legal fees	2,983	11,191	-	14,174
Licenses and fees	6,250	423	9,367	16,040
Major events	26,149	531	31,115	57,795
Miscellaneous expense	422	4,948	-	5,370
Postage	3,094	433	3,834	7,361
Printing and reproduction	7,409	143	21,815	29,367
Rent expense	348,741	21,380	54,614	424,735
Supplies	4,905	972	1,049	6,926
Telephone	8,475	494	1,245	10,214
Training and development	21,813	1,493	1,765	25,071
Travel	30,125	17,913	6,414	54,452
TOTAL EXPENSES	\$ 4,029,298	\$ 219,647	\$ 559,004	\$ 4,807,949

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

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 763,063
Reconciliation adjustments:	
Depreciation and amortization	38,632
Donated securities	(104,152)
Net depreciation in fair value of investments	338
Changes in assets and liabilities:	
Accounts receivable	(1,915)
Grants and contributions receivable	(79,830)
Prepaid expenses and other assets	52,399
Prepaid rent allowance	62,425
Accounts payable and accrued expenses	126,574
Deferred revenue	4,741
Tenant security deposits	(2,721)
Leasehold improvement allowance	(33,886)
Lease incentive allowance	(4,389)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 821,279</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales of donated stock	\$ 128,611
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>\$ 128,611</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from note payable	\$ 244,800
Principal payments on capital lease	(1,788)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>\$ 243,012</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,192,902
CASH AND CASH EQUIVALENTS:	
BEGINNING OF YEAR	<u>3,233,537</u>
END OF YEAR	<u><u>\$ 4,426,439</u></u>
SUPPLEMENTAL DISCLOSURES:	
Fully depreciated equipment disposals	<u><u>\$ 16,150</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, 2020

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 galvanize support to secure vital policies that protect and defend America's last great wild public lands and waters.

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 - AWL allocated their resources among the following programs:

Federal Advocacy - A major focus of the AWL's efforts is to educate federal decision-makers about the values at stake and benefits of protecting Alaska's public lands and waters including iconic landscapes like the Arctic National Wildlife Refuge and the Tongass National Forest. In 2019-20, AWL's efforts were focused on opposing federal agency rollbacks for protections of these and other landscapes and building support for legislation to provide critical, lasting safeguards. As part of these efforts AWL successfully advocated for several measures that passed the US House of Representatives including to end taxpayer subsidized clear-cut logging in the Tongass and to restore the protections that had existed for the Arctic Refuge prior to the 2017 Tax Act. AWL's advocacy efforts include producing high value educational materials, reports, and other timely information useful for members of Congress. Major recent efforts have ranged from a new analysis on how drilling in the Arctic Refuge would exacerbate the climate crisis to new polling research demonstrating support for AWL's conservation goals. AWL has also testified before the House Interior-EPA Appropriations Committee and provided important information to other committees in advance of important hearings on matters related to Alaska lands.

ALASKA WILDERNESS LEAGUE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2020

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

In service of our federal advocacy campaign goals, AWL also initiates and engages in litigation to ensure that environmental laws are followed as federal agencies seek to facilitate or otherwise greenlight resource extraction efforts. AWL retains a lead outside general counsel to manage our litigation and is represented by several public interest organizations that focus on Alaska environmental litigation.

Communications - AWL's efforts to educate and engage the public often revolve around telling the story of wild Alaska in print, broadcast, and digital media. AWL is a trusted resource for reporters seeking to cover the threats to Alaska's wild places as well as how wildlife, indigenous peoples, economic and other interests could be impacted. Through regular proactive communication with journalists, by authoring op-eds and blog posts, through our dynamic social media channels and by supporting key coalition partners in their outreach to the media, AWL aims to tell that most compelling stories about these landscapes and the people who depend on them.

Outreach and Engagement - Critical to advancing AWL's mission is the work the organization does to educate, inspire, and mobilize members, donors and activists who care passionately about Alaska's cherished landscapes. This area of work includes fly-ins, where Alaska advocates come to Washington, DC to make the case for wild Alaska protections and supporting grassroots advocacy in key states, congressional districts, and communities. Members of AWL write letters to the editor, sign petitions, attend events and public hearings, and help recruit new supporters for the cause. Much of this outreach is also focused on key constituencies and partner organizations that have a stake in protecting Alaska's national treasures including veterans, faith, hunting and angling, indigenous rights, climate justice and local conservation groups. AWL members submitted tens of thousands of comments opposing Trump administration efforts to advance drilling, mining and clearcutting proposals that would undermine biological, cultural, and other values. AWL activists also pressured companies including major banks and financial institutions that might provide loans for Arctic drilling activities as well as oil companies that might consider bidding on a future lease sale.

Alaska - With offices in Anchorage, Alaska and Washington, DC, AWL serves as a critical bridge between state-based conservation groups and allied tribal and other interests with national environmental groups and with decision-makers. This bridge role includes engaging influential leaders in Alaska, who can help advocate effectively in the national arena. Over the last several years AWL's work in Alaska has included mobilizing turnout for key public hearings and meetings on land management plans as well as for other events and rallies designed to elevate the voices of Alaskans who support public lands, indigenous rights and climate solutions. Among them are outfitters and guides as well as those who love to hunt, fish, climb, hike, and otherwise recreate in places like the Tongass and Chugach National Forests, and the Arctic.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2020

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

Arctic Refuge Defense Campaign - AWL houses the central staff and serves as the fiscal sponsor for this collaborative campaign effort involving national and state-based conservation groups as well as the Gwich'in Steering Committee. This collaborative effort is aimed at preventing oil and gas leasing and drilling in and restoring protections for the Arctic National Wildlife Refuge.

AWLA allocated their resources among the following programs:

Federal Advocacy - AWLA advocates for and against legislation in Congress, based on how it might impact Alaska's public lands and waters, which are natural resources that all Americans have a shared ownership stake in. Recent efforts have included supporting measures aimed at blocking drilling and restoring protections for the Arctic Refuge, ending taxpayer subsidies for clearcutting old growth trees in the Tongass National Forest and seeking to codify a 2001 national rule aimed at protecting roadless areas in the National Forest System. AWLA has worked in support of proposals to protect Bristol Bay and stop the Pebble Mine and to prevent the privatization of hundreds of thousands of acres on Alaska public lands.

Champion Cultivation and Accountability - AWLA also seeks to educate the public about the votes members of Congress take relative to Alaska's public lands and to cultivate champions among these decision-makers before and after they are elected to office. A major focus of this effort is the Arctic Refuge pledge campaign which urges candidates in both parties to signal their commitment to the issue followed by positive social media and other activities.

Arctic Refuge Defense Campaign - AWLA assists AWL as the the fiscal sponsor for this collaborative campaign effort involving national and state-based conservation groups as well as the Gwich'in Steering Committee. This collaborative effort is aimed at preventing oil and gas leasing and drilling in and restoring protections for the Arctic National Wildlife Refuge.

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 net assets are classified as net assets without donor restrictions.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

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

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	\$ 4,015,209
Restricted cash	411,230
Total	<u>\$ 4,426,439</u>

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.

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, 2020.

Advertising - The League uses advertising (advocacy) to promote its programs among audiences it serves. The productions costs of advertising are expensed as incurred.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

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 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, 2020, 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.

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. Leasehold improvements are recorded at cost and amortized over the lesser of the useful life or the remaining life of the lease.

Note Payable - The League accounts for its Payroll Protection Program loan using the debt model. The loan is recorded as a liability. If certain circumstances are met and the loan is forgiven, the League will record the loan forgiveness as revenue in the year forgiven.

Revenue Recognition - The League recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially 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.

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.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2020

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

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 consolidated financial statements for the year ended August 31, 2020.

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 year ended August 31, 2020, 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
Consulting and professional fees	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
Rent expense	Time and effort
Supplies	Time and effort
Telephone	Time and effort

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.

ALASKA WILDERNESS LEAGUE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2020

Note 3. **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 year ended August 31, 2020, the financial contributions from two major donors were approximately 40.2% 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 year ended August 31, 2020, no other donor contributed more than 5% of total revenue and support.

Note 4. **Note Payable** - On April 10, 2020, the League received authorization from the Small Business Administration (SBA) for a \$244,800 Paycheck Protection Program loan to be used for payroll, rent, and utilities. The loan bears interest at 1.00% per annum and is for a period of 24 months from the funding date of the loan. Payments of principal and interest are deferred for the first 7 months and the loan may be forgiven if certain circumstances are met.

The estimated future maturities of notes payable for the years ending August 31, are as follows:

2021	\$ 143,073
2022	<u>101,727</u>
Total	<u>\$ 244,800</u>

Note 5. **Net Assets With Donor Restrictions** - Net assets with donor restrictions were composed of the following as of August 31 2020:

Time restricted	\$ 150,000
Media	29,303
Arctic Refuge Defense Campaign	<u>803,766</u>
Total	<u>\$ 983,069</u>

Note 6. **Board Designated** - The League has 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.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2020

Note 6. **Board Designated** (Continued)

The changes in net assets of the board designated fund consist of the following for the year ended August 31, 2020:

Balance, beginning of year	\$	208,045
Contributions		203,185
Interest and dividends		--
Balance, end of fiscal period	<u>\$</u>	<u>411,230</u>

Note 7. **Pension Plan** - The League sponsors a 401(k) plan and contributed 3% of total wages to all eligible employees regardless of employee deferrals.

Note 8. **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, 2020 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.

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:

Years Ending August 31,	Office Lease	Sublease Income
2021	\$ 401,272	\$ 57,927
2022	412,307	59,520
2023	423,646	61,157
2024	435,296	62,839
2025	372,051	53,709
Totals	<u>\$ 2,044,572</u>	<u>\$ 295,152</u>

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2020

Note 9. **Availability and Liquidity** - The following represents the League's financial assets at August 31, 2020:

Financial assets at year end:	
Cash and cash equivalents	\$ 4,015,209
Accounts receivable	3,959
Grants and contributions receivable	<u>179,830</u>
Total current financial assets	<u>\$ 4,198,998</u>
Amounts not available to be used within one year:	
Net assets with donor restrictions	\$ 983,069
Less net assets with purpose restrictions to be met in less than a year	<u>(983,069)</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>\$ 4,198,998</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 and receivables.

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 10. **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 \$22,379 as of August 31, 2020. 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.

ALASKA WILDERNESS LEAGUE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2020

Note 11. **Allocation of Joint Costs** - During the year ended August 31, 2020, 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 year ended August 31, 2020, the cost of publishing and distributing the mailers totaled \$57,781. The joint costs are not directly attributed to either the program or fundraising activities.

Those joint costs were allocated as follows:

Outreach program	\$ 41,461
Fundraising and development	<u>16,320</u>
Total	<u><u>\$ 57,781</u></u>

Note 12. **Subsequent Events** - In preparing these consolidated financial statements, the League has evaluated events and transactions for potential recognition or disclosure through April 1, 2021, the date the financial statements were available to be issued. On March 15, 2021, the Small Business Administration (SBA) approved AWL's Paycheck Protection Program (PPP) loan forgiveness application and remitted payment to Truist Bank in the amount of \$244,800. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen; financial impact could occur though such potential impact is unknown at this time.

SUPPLEMENTAL INFORMATION

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AUGUST 31, 2020

ASSETS	<u>AWL</u>	<u>AWLA</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 3,502,704	\$ 512,505	\$ -	\$ 4,015,209
Accounts receivable	3,959	-	-	3,959
Grants and contributions receivable	179,830	-	-	179,830
Due from affiliate	86,782	-	(86,782)	-
Prepaid expenses and other assets	50	-	-	50
Prepaid rent allowance, current portion	51,686	-	-	51,686
TOTAL CURRENT ASSETS	<u>\$ 3,825,011</u>	<u>\$ 512,505</u>	<u>\$ (86,782)</u>	<u>\$ 4,250,734</u>
PROPERTY AND EQUIPMENT:				
Furniture, fixtures, and equipment	\$ 87,089	\$ -	\$ -	\$ 87,089
Leasehold improvements	257,754	-	-	257,754
Software	51,082	-	-	51,082
Total property and equipment	\$ 395,925	\$ -	\$ -	\$ 395,925
Less, accumulated depreciation and amortization	(225,530)	-	-	(225,530)
PROPERTY AND EQUIPMENT, NET	<u>\$ 170,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,395</u>
OTHER ASSETS:				
Security deposit	\$ 31,103	\$ -	\$ -	\$ 31,103
Prepaid rent allowance, net of current portion	93,039	-	-	93,039
Restricted cash - board designated operating reserve	411,230	-	-	411,230
TOTAL OTHER ASSETS	<u>\$ 535,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,372</u>
TOTAL ASSETS	<u>\$ 4,530,778</u>	<u>\$ 512,505</u>	<u>\$ (86,782)</u>	<u>\$ 4,956,501</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 232,500	\$ 52,404	\$ -	\$ 284,904
Deferred revenue	4,741	-	-	4,741
Due to affiliate	-	86,782	(86,782)	-
Tenant security deposits	10,740	-	-	10,740
Note payable, current portion	143,073	-	-	143,073
Leasehold improvement allowance, current portion	33,886	-	-	33,886
Lease incentive allowance, current portion	4,388	-	-	4,388
TOTAL CURRENT LIABILITIES	<u>\$ 429,328</u>	<u>\$ 139,186</u>	<u>\$ (86,782)</u>	<u>\$ 481,732</u>
NON-CURRENT LIABILITIES:				
Note payable, net of current portion	\$ 101,727	\$ -	\$ -	\$ 101,727
Leasehold improvement allowance, net of current portion	129,896	-	-	129,896
Lease incentive allowance, net of current portion	16,823	-	-	16,823
TOTAL NON-CURRENT LIABILITIES	<u>\$ 248,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,446</u>
TOTAL LIABILITIES	<u>\$ 677,774</u>	<u>\$ 139,186</u>	<u>\$ (86,782)</u>	<u>\$ 730,178</u>
NET ASSETS:				
Without donor restrictions:				
Undesignated	\$ 2,563,147	\$ 207,117	\$ 61,760	\$ 2,832,024
Board-designated	411,230	-	-	411,230
Total without donor restrictions	\$ 2,974,377	\$ 207,117	\$ 61,760	\$ 3,243,254
With donor restrictions	878,627	166,202	(61,760)	983,069
TOTAL NET ASSETS	<u>\$ 3,853,004</u>	<u>\$ 373,319</u>	<u>\$ -</u>	<u>\$ 4,226,323</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,530,778</u>	<u>\$ 512,505</u>	<u>\$ (86,782)</u>	<u>\$ 4,956,501</u>

See Independent Auditors' Report

ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

	AWL			AWLA			Eliminations		Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:											
Grants	\$ 1,247,000	\$ 1,889,700	\$ 3,136,700	\$ -	\$ 601,200	\$ 601,200	\$ -	\$ (301,200)	\$ 1,247,000	\$ 2,189,700	\$ 3,436,700
Contributions	1,521,908	349,000	1,870,908	55,857	85,000	140,857	-	-	1,577,765	434,000	2,011,765
Interest income	22,211	-	22,211	869	-	869	-	-	23,080	-	23,080
Net depreciation in fair value of investments	(338)	-	(338)	-	-	-	-	-	(338)	-	(338)
Rental income	96,874	-	96,874	-	-	-	-	-	96,874	-	96,874
Other revenue	2,706	-	2,706	225	-	225	-	-	2,931	-	2,931
Net assets released from restrictions	2,460,871	(2,460,871)	-	598,445	(598,445)	-	(239,440)	239,440	2,819,876	(2,819,876)	-
TOTAL REVENUE AND SUPPORT	\$ 5,351,232	\$ (222,171)	\$ 5,129,061	\$ 655,396	\$ 87,755	\$ 743,151	\$ (239,440)	\$ (61,760)	\$ 5,767,188	\$ (196,176)	\$ 5,571,012
EXPENSES:											
Program services	\$ 3,744,231	\$ -	\$ 3,744,231	\$ 586,267	\$ -	\$ 586,267	\$ (301,200)	\$ -	\$ 4,029,298	\$ -	\$ 4,029,298
Supporting services:											
General and administrative	\$ 199,502	\$ -	\$ 199,502	\$ 20,145	\$ -	\$ 20,145	\$ -	\$ -	\$ 219,647	\$ -	\$ 219,647
Fundraising and development	550,685	-	550,685	8,319	-	8,319	-	-	559,004	-	559,004
Total supporting services	\$ 750,187	\$ -	\$ 750,187	\$ 28,464	\$ -	\$ 28,464	\$ -	\$ -	\$ 778,651	\$ -	\$ 778,651
TOTAL EXPENSES	\$ 4,494,418	\$ -	\$ 4,494,418	\$ 614,731	\$ -	\$ 614,731	\$ (301,200)	\$ -	\$ 4,807,949	\$ -	\$ 4,807,949
CHANGE IN NET ASSETS	\$ 856,814	\$ (222,171)	\$ 634,643	\$ 40,665	\$ 87,755	\$ 128,420	\$ 61,760	\$ (61,760)	\$ 959,239	\$ (196,176)	\$ 763,063
NET ASSETS, BEGINNING 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
NET ASSETS, END OF YEAR	\$ 2,974,377	\$ 878,627	\$ 3,853,004	\$ 207,117	\$ 166,202	\$ 373,319	\$ 61,760	\$ (61,760)	\$ 3,243,254	\$ 983,069	\$ 4,226,323

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ALASKA WILDERNESS LEAGUE AND AFFILIATE
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

	AWL				AWLA				Eliminations	Total			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total		Program Services	Supporting Services		Total
		General and Administrative	Fundraising and Development			General and Administrative	Fundraising and Development				General and Administrative	Fundraising and Development	
Salaries and related:													
Salaries	\$ 1,041,572	\$ 71,050	\$ 187,772	\$ 1,300,394	\$ 142,074	\$ 4,169	\$ 1,434	\$ 147,677	\$ -	\$ 1,183,646	\$ 75,219	\$ 189,206	\$ 1,448,071
Payroll taxes	77,440	5,324	14,109	96,873	10,313	314	95	10,722	-	87,753	5,638	14,204	107,595
Pension expense	28,488	2,152	5,176	35,816	3,911	116	39	4,066	-	32,399	2,268	5,215	39,882
Other employee benefits	67,606	5,529	12,291	85,426	9,298	273	93	9,664	-	76,904	5,802	12,384	95,090
Total salaries and related	\$ 1,215,106	\$ 84,055	\$ 219,348	\$ 1,518,509	\$ 165,596	\$ 4,872	\$ 1,661	\$ 172,129	\$ -	\$ 1,380,702	\$ 88,927	\$ 221,009	\$ 1,690,638
Accounting	-	23,422	-	23,422	-	1,575	-	1,575	-	-	24,997	-	24,997
Advocacy	531,234	-	12,874	544,108	134,904	-	-	134,904	-	666,138	-	12,874	679,012
Bank fees	4,645	531	18,240	23,416	644	1,183	778	2,605	-	5,289	1,714	19,018	26,021
Computer expenses	87,150	11,647	54,995	153,792	10,664	4,314	4,410	19,388	-	97,814	15,961	59,405	173,180
Conferences - Board of Directors	-	6,516	4,227	10,743	-	-	-	-	-	-	6,516	4,227	10,743
Constituency engagement	304,573	-	-	304,573	2,000	-	-	2,000	-	306,573	-	-	306,573
Consulting and professional fees	687,123	9,289	70,235	766,647	222,071	98	14	222,183	-	909,194	9,387	70,249	988,830
Depreciation and amortization	29,338	2,554	6,740	38,632	-	-	-	-	-	29,338	2,554	6,740	38,632
Direct mail	41,461	-	29,020	70,481	-	-	-	-	-	41,461	-	29,020	70,481
Dues and subscriptions	22,658	220	2,461	25,339	156	3	2	161	-	22,814	223	2,463	25,500
Equipment rental and repairs	4,322	7,858	468	12,648	317	10	3	330	-	4,639	7,868	471	12,978
Grants	391,200	-	-	391,200	-	-	-	-	(301,200)	90,000	-	-	90,000
Insurance	12,739	878	2,276	15,893	2,231	701	34	2,966	-	14,970	1,579	2,310	18,859
Legal fees	2,809	5,488	-	8,297	174	5,703	-	5,877	-	2,983	11,191	-	14,174
Licenses and fees	6,250	209	8,373	14,832	-	214	994	1,208	-	6,250	423	9,367	16,040
Major events	21,116	83	31,115	52,314	5,033	448	-	5,481	-	26,149	531	31,115	57,795
Miscellaneous expense	422	4,948	-	5,370	-	-	-	-	-	422	4,948	-	5,370
Postage	2,761	426	3,831	7,018	333	7	3	343	-	3,094	433	3,834	7,361
Printing and reproduction	7,319	62	21,815	29,196	90	81	-	171	-	7,409	143	21,815	29,367
Rent expense	308,198	20,522	54,206	382,926	40,543	858	408	41,809	-	348,741	21,380	54,614	424,735
Supplies	4,732	970	1,047	6,749	173	2	2	177	-	4,905	972	1,049	6,926
Telephone	7,530	467	1,235	9,232	945	27	10	982	-	8,475	494	1,245	10,214
Training and development	21,813	1,493	1,765	25,071	-	-	-	-	-	21,813	1,493	1,765	25,071
Travel	29,732	17,864	6,414	54,010	393	49	-	442	-	30,125	17,913	6,414	54,452
TOTAL EXPENSES	\$ 3,744,231	\$ 199,502	\$ 550,685	\$ 4,494,418	\$ 586,267	\$ 20,145	\$ 8,319	\$ 614,731	\$ (301,200)	\$ 4,029,298	\$ 219,647	\$ 559,004	\$ 4,807,949

See Independent Auditors' Report

ALASKA WILDERNESS LEAGUE
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

	Outreach	Communications	Alaska	Federal Advocacy	Arctic Refuge Defense Campaign	Total Program Expenses	General & Administrative	Fundraising & Development	Total Expenses
Salaries and related:									
Salaries	\$ 230,964	\$ 115,376	\$ 128,951	\$ 351,844	\$ 214,437	\$ 1,041,572	\$ 71,050	\$ 187,772	\$ 1,300,394
Payroll taxes	17,442	8,666	9,673	25,808	15,851	77,440	5,324	14,109	96,873
Pension expense	6,371	3,182	3,557	9,458	5,920	28,488	2,152	5,176	35,816
Other employee benefits	15,143	7,565	8,443	22,421	14,034	67,606	5,529	12,291	85,426
Total salaries and related	<u>\$ 269,920</u>	<u>\$ 134,789</u>	<u>\$ 150,624</u>	<u>\$ 409,531</u>	<u>\$ 250,242</u>	<u>\$ 1,215,106</u>	<u>\$ 84,055</u>	<u>\$ 219,348</u>	<u>\$ 1,518,509</u>
Accounting	-	-	-	-	-	-	23,422	-	23,422
Advocacy	50	4,366	40,775	-	486,043	531,234	-	12,874	544,108
Bank fees	1,040	520	580	1,541	964	4,645	531	18,240	23,416
Computer expenses	16,637	16,623	9,322	24,801	19,767	87,150	11,647	54,995	153,792
Conferences - Board of Directors	-	-	-	-	-	-	6,516	4,227	10,743
Constituency engagement	-	-	-	-	304,573	304,573	-	-	304,573
Consulting and professional fees	8,511	1,261	16,503	86,890	573,958	687,123	9,289	70,235	766,647
Depreciation and amortization	8,282	4,136	4,622	12,298	-	29,338	2,554	6,740	38,632
Direct mail	41,461	-	-	-	-	41,461	-	29,020	70,481
Dues and subscriptions	2,753	11,366	2,569	3,728	2,242	22,658	220	2,461	25,339
Equipment rental and repairs	567	278	317	867	2,293	4,322	7,858	468	12,648
Grants	-	-	-	183,000	208,200	391,200	-	-	391,200
Insurance	2,723	1,429	1,588	4,046	2,953	12,739	878	2,276	15,893
Legal fees	-	-	-	1,491	1,318	2,809	5,488	-	8,297
Licenses and fees	-	6,250	-	-	-	6,250	209	8,373	14,832
Major events	16,127	-	1,243	3,746	-	21,116	83	31,115	52,314
Miscellaneous expense	-	-	-	7	415	422	4,948	-	5,370
Postage	825	262	306	815	553	2,761	426	3,831	7,018
Printing and reproduction	777	94	215	1,744	4,489	7,319	62	21,815	29,196
Rent expense	66,659	33,291	48,005	98,931	61,312	308,198	20,522	54,206	382,926
Supplies	747	311	479	1,708	1,487	4,732	970	1,047	6,749
Telephone	1,518	760	849	2,261	2,142	7,530	467	1,235	9,232
Training and development	2,459	1,521	1,163	16,245	425	21,813	1,493	1,765	25,071
Travel	7,279	152	6,336	13,790	2,175	29,732	17,864	6,414	54,010
TOTAL EXPENSES	<u>\$ 448,335</u>	<u>\$ 217,409</u>	<u>\$ 285,496</u>	<u>\$ 867,440</u>	<u>\$ 1,925,551</u>	<u>\$ 3,744,231</u>	<u>\$ 199,502</u>	<u>\$ 550,685</u>	<u>\$ 4,494,418</u>

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