



# **Alaska Conservation Foundation**

Audited Financial Statements

For the years ended June 30, 2021 and 2020

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## Independent Auditor's Report

Board of Trustees  
Alaska Conservation Foundation  
Anchorage, Alaska

**Report on the Financial Statements** – We have audited the accompanying statements of financial position of Alaska Conservation Foundation (a nonprofit organization) as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. These financial statements are the responsibility of Alaska Conservation Foundation's management.

**Management's Responsibility for the Financial Statements** – Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility** – Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Alaska Conservation Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Foster and Company, LLC*

Foster and Company, LLC

Wasilla, Alaska

October 8, 2021

## Statements of Financial Position

as of June 30, 2021 and 2020

	Notes	2021	2020
<b>Assets</b>			
Cash and cash equivalents	4	\$1,429,775	\$1,490,614
Accounts receivable		127,100	120,117
Prepaid expenses and other assets		19,002	17,486
Investments at fair value	5	13,684,525	11,316,682
Cost method investments	6	32,000	32,000
Cash surrender value of life insurance policies		70,763	64,801
Furniture and equipment, net		-	3,703
<b>Total Assets</b>		<b>15,363,165</b>	<b>13,045,403</b>
<b>Liabilities and Net Assets</b>			
Accounts payable		73,312	4,742
Accrued payroll and related liabilities		85,267	80,198
Grants and awards payable		177,747	168,268
Gift annuity liability		71,187	70,097
<b>Total Liabilities</b>		<b>407,513</b>	<b>323,305</b>
<b>Net Assets</b>			
Without donor restrictions		3,718,704	2,926,568
With donor restrictions	8	11,236,948	9,795,530
<b>Total Net Assets</b>		<b>14,955,652</b>	<b>12,722,098</b>
<b>Total Liabilities and Net Assets</b>		<b>15,363,165</b>	<b>13,045,403</b>

The accompanying notes are an integral part of these financial statements

## Statement of Activities

for the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support and Revenue</b>			
Public support	\$940,687	\$959,208	\$1,899,895
Investment income	906,961	1,960,763	2,867,724
Event income	-	-	-
Other income	4,200	11,597	15,797
Support provided by expiring time and purpose restrictions	1,490,150	(1,490,150)	-
<b>Total public support and revenue</b>	<b>3,341,998</b>	<b>1,441,418</b>	<b>4,783,416</b>
<b>Expenses</b>			
Program services:			
Grants and awards	728,470	-	728,470
Programs	1,092,339	-	1,092,339
Total program services	1,820,809	-	1,820,809
Support services:			
Management and general	457,025	-	457,025
Fundraising	268,325	-	268,325
Depreciation	3,704	-	3,704
Total support services	729,054	-	729,054
<b>Total expenses</b>	<b>2,549,863</b>	<b>-</b>	<b>2,549,863</b>
<b>Change in net assets</b>	<b>792,136</b>	<b>1,441,418</b>	<b>2,233,554</b>
Net assets, beginning of year	2,926,568	9,795,530	12,722,098
<b>Net assets, end of year</b>	<b>3,718,704</b>	<b>11,236,948</b>	<b>14,955,652</b>

The accompanying notes are an integral part of these financial statements

## Statement of Activities

for the year ended June 30, 2020

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<b><i>Public Support and Revenue</i></b>			
<i>Public support</i>	\$ 937,619	\$ 1,669,681	\$ 2,607,300
<i>Investment income</i>	40,709	328,092	368,801
<i>Events</i>	25,521	5,830	31,351
<i>Other income</i>	17,200	-	17,200
<i>Support provided by expiring time and purpose restrictions</i>	1,395,485	(1,395,485)	-
<b><i>Total public support and revenue</i></b>	<b><i>2,416,534</i></b>	<b><i>608,118</i></b>	<b><i>3,024,652</i></b>
<b><i>Expenses</i></b>			
<i>Program services:</i>			
<i>Grants and awards</i>	1,010,582	-	1,010,582
<i>Programs</i>	695,301	-	695,301
<b><i>Total program services</i></b>	<b><i>1,705,883</i></b>	<b><i>-</i></b>	<b><i>1,705,883</i></b>
<i>Support services:</i>			
<i>Management and general</i>	295,538	-	295,538
<i>Fundraising</i>	352,294	-	352,294
<i>Depreciation</i>	4,105	-	4,105
<i>In-kind expenses</i>	14,970	-	14,970
<b><i>Total support services</i></b>	<b><i>666,907</i></b>	<b><i>-</i></b>	<b><i>666,907</i></b>
<b><i>Total expenses</i></b>	<b><i>2,372,790</i></b>	<b><i>-</i></b>	<b><i>2,372,790</i></b>
<b><i>Change in net assets</i></b>	<b><i>43,744</i></b>	<b><i>608,118</i></b>	<b><i>651,862</i></b>
<i>Net assets, beginning of year</i>	2,882,824	9,187,412	12,070,236
<b><i>Net assets, end of year</i></b>	<b><i>2,926,568</i></b>	<b><i>9,795,530</i></b>	<b><i>12,722,098</i></b>

The accompanying notes are an integral part of these financial statements

## Statements of Functional Expenses

for the years ended June 30, 2021 and 2020

<b>2021</b>	<b>Grants &amp; awards</b>	<b>Programs</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Grants and Awards	\$728,470	\$ -	\$ -	\$ -	\$728,470
Personnel	-	660,372	325,346	184,974	1,170,692
Professional fees	-	301,722	50,731	491	352,944
Occupancy	-	42,810	36,757	16,522	96,089
Travel	-	18,804	-	-	18,804
Development & outreach	-	49,149	2,894	20,907	72,950
Office	-	19,381	39,105	39,346	97,832
Other expenses	-	101	2,192	6,085	8,378
In-kind expenses	-	-	-	-	-
Depreciation	-	-	3,704	-	3,704
<b>Total Expenses</b>	<b>728,470</b>	<b>1,092,339</b>	<b>460,729</b>	<b>268,325</b>	<b>2,549,863</b>

<i>2020</i>	<i>Grants &amp; awards</i>	<i>Programs</i>	<i>Management &amp; General</i>	<i>Fundraising</i>	<i>Total</i>
<i>Grants and Awards</i>	<i>\$ 1,010,582</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>1,010,582</i>
<i>Personnel</i>	<i>-</i>	<i>532,119</i>	<i>203,137</i>	<i>250,404</i>	<i>985,660</i>
<i>Professional fees</i>	<i>-</i>	<i>36,936</i>	<i>25,326</i>	<i>3,009</i>	<i>65,271</i>
<i>Occupancy</i>	<i>-</i>	<i>43,191</i>	<i>24,433</i>	<i>18,436</i>	<i>86,060</i>
<i>Travel</i>	<i>-</i>	<i>42,339</i>	<i>5,437</i>	<i>10,462</i>	<i>58,238</i>
<i>Development and outreach</i>	<i>-</i>	<i>29,741</i>	<i>11,674</i>	<i>50,146</i>	<i>91,561</i>
<i>Office</i>	<i>-</i>	<i>10,744</i>	<i>17,225</i>	<i>11,994</i>	<i>39,963</i>
<i>Other expenses</i>	<i>-</i>	<i>231</i>	<i>8,306</i>	<i>7,843</i>	<i>16,380</i>
<i>In-kind expenses</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>14,970</i>	<i>14,970</i>
<i>Depreciation</i>	<i>-</i>	<i>-</i>	<i>4,105</i>	<i>-</i>	<i>4,105</i>
<b><i>Total Expenses</i></b>	<b><i>1,010,582</i></b>	<b><i>695,301</i></b>	<b><i>299,643</i></b>	<b><i>367,264</i></b>	<b><i>2,372,790</i></b>

The accompanying notes are an integral part of these financial statements

## Statements of Cash Flows

for the years ended June 30, 2021 and 2020

	2021	2020
<b>Operating activities</b>		
Cash inflows from operations:		
Contributions, net of amounts restricted for long-term purposes	1,800,012	\$ 1,463,029
Ticket sales from events	-	31,351
Investment income	113,671	129,546
Other cash receipts	15,797	17,200
Cash outflows from operations:		
Payments for salaries, benefits, and payroll taxes	(1,165,623)	(959,132)
Payments to vendors	(578,853)	(359,265)
Grants and awards	(718,991)	(877,314)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(533,987)</b>	<b>(554,585)</b>
<b>Investing Activities</b>		
Purchase of investments	(3,318,881)	(5,726,246)
Sale of investments	3,699,129	4,951,265
Purchase of furniture and equipment	-	-
<b>Net Cash Provided by Investing Activities</b>	<b>380,248</b>	<b>(774,981)</b>
<b>Financing Activities</b>		
Collections of contributions receivable restricted for long-term investment	92,900	1,032,295
<b>Net Cash Provided by Financing Activities</b>	<b>92,900</b>	<b>1,032,295</b>
<b>Net change in cash and cash equivalents</b>	<b>(60,839)</b>	<b>(297,271)</b>
Cash and Cash Equivalents, beginning of year	1,490,614	1,787,885
<b>Cash and Cash Equivalents, end of year</b>	<b>1,429,775</b>	<b>1,490,614</b>

The accompanying notes are an integral part of these financial statements



# Notes to the Financial Statements

for the years ended June 30, 2021 and 2020

## 1. History

Alaska Conservation Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Alaska. The Foundation makes grants, conducts programs and receives funds to protect Alaska's unique landscapes and ways of life by supporting conservation leaders, organizations, and initiatives. Unrestricted funds raised by the Foundation are used exclusively for those purposes or are granted to other organizations with similar goals. The Foundation also solicits and administers grants that are restricted in use to issues that are consistent with the Foundation's purpose. The Foundation's main program areas are:

### Alaska Defense Fund

The Foundation supports grassroots advocacy efforts across Alaska that aim to protect Alaska's public lands, waters, wildlife, and the diverse cultures they sustain through our Rapid Response, Travel Fund, and general operating grant programs.

### Collective Conservation

As a proactive collaborative initiative, the Foundation helps coordinate a network of statewide climate change adaptation efforts through the Northern Latitudes Partnerships. These partnerships include federal, state, tribal, corporate, and other regional players that develop collaborative community-supported and indigenous-led solutions to issues brought about by our changing climate.

### Movement Building

To be effective, grassroots advocacy and collective conservation need a strong movement, which the Foundation strives to make stronger by providing organizations and youth from around the state with trainings, facilitated meetings, internships, and key funding through strategic grants.

## 2. Summary of Significant Accounting Policies

The Foundation prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Foundation are described subsequently to enhance the usefulness and understandability of the financial statements.

### Basis of Accounting

The Foundation prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

### Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

#### *Net Assets without Donor Restrictions*

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its initial application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

#### *Net Assets with Donor Restrictions*

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

The Foundation's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

### Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

### Cash and Cash Equivalents

The Foundation considers demand deposits and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents, except for those similar securities held in investment accounts.

### Investments

Investments in marketable securities are reported at their fair values in the statements of financial position. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains and losses and interest earned on investments are recorded as unrestricted activity unless the earnings are subject to donor-imposed restrictions. Other long-term investments include land. Land is carried at cost, which was established as the fair value on the date the assets were donated to the Foundation.

### Furniture and Equipment

Furniture and equipment with a useful life greater than one year are recorded at cost or, if acquired by donation, at fair market value at the date of acquisition. Depreciation of furniture and equipment is provided over the estimated useful lives of the assets, which range from three to seven years, using the straight-line method.

### Gift Annuities

Assets received under gift annuity agreements are recorded at fair value. The gift annuity liability is recorded at the present value of the benefits expected to be paid to the donor. A contribution is recorded for the difference between the fair value contributed and the initial annuity liability.

### Public Support and Revenues

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

The Foundation is a beneficiary under several donors' wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid, and the Foundation has an irrevocable right to the bequest.

A portion of our revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions.

### Expense Recognition and Allocation

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied based on activity reports prepared by key personnel.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

#### Income Taxes

The Foundation is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Foundation has been determined by the Internal Revenue Service to be "not a private foundation" within the meaning of Section 509(a)(1) and 170(b)(1)(A)(vi) of the IRC. Unrelated business activity was not substantial in 2021 or 2020. The Foundation applies a more-likely than-not recognition threshold for all tax uncertainties. Management has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for all periods presented.

### **3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30 are:

	Notes	2021	2020
<b>Financial assets:</b>			
Cash and cash equivalents	4	\$ 1,429,775	\$ 1,490,614
Accounts receivable		127,100	120,117
Investments at fair value	5	13,684,525	11,316,682
Cash surrender value of life insurance policies		70,763	64,801
<b>Total financial assets</b>		<b>15,312,163</b>	<b>12,992,214</b>
Less financial assets held to meet donor-imposed restrictions:			
Purpose-restricted net assets	8	(456,380)	(597,650)
Donor-restricted endowment funds	7	(10,588,292)	(9,032,572)
Less financial assets not available within one year:			
Gift annuities		(159,737)	(132,611)
Life insurance policies		(70,763)	(64,801)
Less board-designated endowment and endowment funds without donor restrictions	7	(3,010,521)	(2,135,517)
<b>Amount available for general expenditures within one year</b>		<b>1,026,470</b>	<b>1,029,062</b>

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the organization's intention to invest those resources for the long-term support of the organization. However, in the case of need, the Board of Trustees could appropriate resources from either the donor-restricted funds available for general use or from its designated endowment fund. The balance of Board-designated endowment and endowment funds without donor restrictions was \$3,010,521 and \$2,135,517 at June 30, 2021 and 2020 respectively. Note 7 provides more information about those funds and about the spending policies for all endowment funds.

#### 4. Cash and Cash Equivalents

The Foundation is subject to counterparty risk on certain cash balances held at a financial institution. The Foundation places its cash with high credit quality financial institutions. The Foundation maintains bank accounts at financial institutions, which at times may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2021 and 2020, approximately \$1,184,631 and \$1,235,856 were subject to custodial credit risk, respectively.

## 5. Investments at Fair Value

Long-term investments restricted to a permanent endowment (Note 8) along with other investments held for the Foundation's operations are maintained in portfolios managed by professional investment managers. A summary of the Foundation's long-term investments as of June 30 follows:

	<b>2021</b>	<i>2020</i>
Money market funds	\$430,959	<i>\$ 736,618</i>
Alternative strategies mutual funds	-	-
Common stocks	9,484,043	<i>6,864,329</i>
Fixed income mutual funds	58,281	<i>40,293</i>
Corporate and government bonds	3,585,608	<i>3,557,207</i>
Equity index mutual funds	97,341	<i>86,384</i>
Real estate investment funds	-	<i>5,495</i>
Accrued income	28,293	<i>26,356</i>
<b>Total at Fair Value</b>	<b>13,684,525</b>	<i>11,316,682</i>

A fair value hierarchy 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 priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents investments that are measured at fair value on a recurring basis at June 30:

<b>June 30, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Money market funds	\$430,959	\$ -	\$430,959
Alternative strategies mutual funds	-	-	-
Common stocks	9,484,043	-	9,484,043
Fixed income	58,281	-	58,281
Corporate and government bonds	-	3,585,608	3,585,608
Equity index mutual funds	97,341	-	97,341
Real estate investment funds	-	-	-
Accrued income	28,293	-	28,293
	<b>10,098,917</b>	<b>3,585,608</b>	<b>13,684,525</b>

<i>June 30, 2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
<i>Money market funds</i>	<i>\$ 736,618</i>	<i>\$ -</i>	<i>\$ 736,618</i>
<i>Alternative strategies mutual funds</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Common stocks</i>	<i>6,864,329</i>	<i>-</i>	<i>6,864,329</i>
<i>Fixed income</i>	<i>40,293</i>	<i>-</i>	<i>40,293</i>
<i>Corporate and government bonds</i>	<i>-</i>	<i>3,557,207</i>	<i>3,557,207</i>
<i>Equity index mutual funds</i>	<i>86,384</i>	<i>-</i>	<i>86,384</i>
<i>Real estate investment funds</i>	<i>-</i>	<i>5,495</i>	<i>5,495</i>
<i>Accrued income</i>	<i>26,356</i>	<i>-</i>	<i>26,356</i>
	<i>7,753,980</i>	<i>3,562,702</i>	<i>11,316,682</i>

## 6. Cost Method Investments

Cost method investments at June 30 consisted of the following:

	<b>2021</b>	<b>2020</b>
<b>Land</b>	\$ 32,000	\$ 32,000

These investments are recorded at cost as the fair value as it is impractical to estimate fair value. Management has evaluated whether events or changes in circumstances have occurred that may have a significant adverse effect on fair value. No such events or changes have occurred for the land investment.

## 7. Endowment Funds

The Foundation's endowment consists of a number of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds



designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Fund Act (UPMIFA) was signed into law in the State of Alaska on June 14, 2010 with an effective date of September 8, 2010. During the years ended June 30, 2021 and 2020, the Board of Trustees of the Foundation has interpreted the State of Alaska's laws governing endowments as permitting the Board, absent donor stipulations to the contrary, to adopt prudent spending policies with regards to the endowments that consider the donor' intent that the endowment fund continue permanently, the purposes of the fund, and the relevant economic factors impacting the fund. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by the organization. In addition, most donor restricted endowment funds are subject to restrictions on the use of the appropriated amounts. Note 8 describes the purposes for which donor-restricted endowment may be used. As a result, donor-restricted endowment funds are classified as net assets with donor restrictions.

The net asset composition of the endowment as of June 30, is as follows:

<b>June 30, 2021</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Donor-restricted funds</b>			
Perpetual endowment	\$ -	\$10,588,292	\$10,588,292
Board-designated endowment and endowment funds without donor restrictions	3,010,521	-	3,010,521
<b>Total</b>	<b>3,010,521</b>	<b>10,588,292</b>	<b>13,598,813</b>

<i>June 30, 2020</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Donor-restricted funds</i>			
<i>Perpetual endowment</i>	<i>\$ -</i>	<i>\$ 9,032,572</i>	<i>\$ 9,032,572</i>
<i>Board-designated endowment and endowment funds without donor restrictions</i>	<i>2,135,517</i>	<i>-</i>	<i>2,135,517</i>
<i>Total</i>	<i>2,135,517</i>	<i>9,032,572</i>	<i>11,168,090</i>

One donor-restricted perpetual endowment fund, created in 2019, had a value of \$889,002 at June 30, 2020, which was less than the amount of the original gift (\$911,295). The deficiency of \$22,293 at June 30, 2020, is reported in net assets with donor restrictions.

### Appropriation Policies

Distributions will be made annually based on the spending rate established by the Board of Trustees or as explicitly stipulated by the donor. The current spending rate is 4.25% of the rolling average value of the fund as of March 31 for the preceding three fiscal years. In the event that an individual fund has been in existence for more than 1 year but less than three years, the percentage distribution for the next fiscal year will be based on the average of the fund's balance as of March 31 for the number of fiscal years that the fund has been in existence.

### Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives

The investment objective of the Foundation is to ensure that the endowment funds exist in perpetuity and to provide for grant making in perpetuity. To attain this goal, the overriding objective is to maintain purchasing power. That is, net of spending, the objective is to grow the aggregate portfolio value at or above the rate of inflation over the Foundation's investment horizon through the preservation of capital, reasonable efforts to control investment risk, and adherence to investment discipline.

It is the policy for the Alaska Conservation Foundation to screen investments to exclude any companies whose businesses cause substantial environmental damage. The target range for exposure to stocks is 40% to 80% and the investment manager, Walden Asset Management, has discretion to determine the most appropriate allocation given the market conditions within the target range. Should the investment portfolio asset allocation exceed the approved ranges, the investment manager is expected to bring the portfolio into compliance with the investment guidelines as promptly and prudently as possible. In addition, the Foundation believes that it is necessary and desirable to maintain a prudent level of portfolio diversification. At the time of an asset purchase, no more than 5% of the equity portion of the fund shall be invested in the securities of any one company. Investment in any particular sector as defined by the S&P 500 shall not exceed 10 percentage points above the sector weight in that index. No more than 10% of the total fixed income investments (including cash) shall be invested in any one non-government issuer. There is no limitation on investment in direct obligations of the

US Treasury or US Government Agency debt. The Finance and Investment Committee meets regularly to review investment portfolio performance and to monitor the investment manager's compliance with the guidelines established in the Investment Policy Statement.

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<i>Balance at June 30, 2019</i>	<i>\$2,142,742</i>	<i>\$8,032,404</i>	<i>\$10,175,146</i>
<i>Net investment return</i>	<i>23,992</i>	<i>349,898</i>	<i>373,890</i>
<i>Contributions to endowment</i>	<i>-</i>	<i>1,032,295</i>	<i>1,032,295</i>
<i>Amount appropriated and/or expended</i>	<i>(31,216)</i>	<i>(382,025)</i>	<i>(413,241)</i>
<b>Balance at June 30, 2020</b>	<b>2,135,517</b>	<b>9,032,572</b>	<b>11,168,090</b>
Net investment return	905,994	1,934,856	2,840,850
Contributions to endowment	-	92,900	92,900
Amount appropriated and/or expended	(30,990)	(472,036)	(503,026)
<b>Balance at June 30, 2021</b>	<b>3,010,521</b>	<b>10,588,292</b>	<b>13,598,813</b>

## 8. Net Assets with Donor Restrictions

At June 30, net assets with donor restrictions are available for the following purposes or periods:

	2021	2020
<b>Purpose restrictions</b>		
Collective Conservation	\$81,739	\$ 175,315
Alaska Defense Fund	220,570	261,527
Movement Building	155,034	160,809
<b>Total Purpose Restricted Net Assets</b>	<b>457,343</b>	<b>597,651</b>
<b>Time restrictions</b>		
Life Insurance Policies	70,763	64,801
Gift annuities	88,549	68,507
<b>Total Time Restricted Net Assets</b>	<b>159,312</b>	<b>133,308</b>
<b>Endowment Funds</b>		
Donors specified for general use	2,164,941	2,109,469
Donors restricted to the following purposes:		
Alaska Defense Fund	3,777,136	3,150,987
Movement Building	4,646,216	3,772,115
<b>Total Endowment Funds</b>	<b>10,588,293</b>	<b>9,032,571</b>
Land held for preservation	32,000	32,000
<b>Total Net Assets with Donor Restrictions</b>	<b>11,236,948</b>	<b>9,795,530</b>

## 9. Retirement Plan

The Foundation has a defined contribution pension plan, which covers all full-time employees who have been employed for 12 months. The Foundation contributes 5% of the covered employees' salaries plus a 2% match. These contributions totaled \$50,366 and \$43,962 for the years ended June 30, 2021 and 2020, respectively.

## 10. Lease Commitment

The Foundation leases office space and equipment under non-cancelable operating lease agreements. Rental expense was \$74,003 and \$72,838 for the years ended June 30, 2021 and 2020, respectively.

The following is a schedule by year of the future minimum lease payments required under the remaining terms in excess of one year as of June 30, 2021:

<b>June 30, 2022</b>	\$76,083
<b>June 30, 2023</b>	45,762
<b>June 30, 2024</b>	2,635
<b>June 30, 2025</b>	2,635

## 11. Contingencies

The Foundation participates in a number of grant programs that are subject to program compliance by the grantors. Any disallowed claims would become a liability of the organization. Management believes they are in compliance with all requirements, and the risk of noncompliance is minimal.

## 12. Subsequent Events

The Foundation evaluated subsequent events through October 8, 2021, which is when these financial statements were available to be issued. The Foundation is not aware of any significant events that would have a material impact on the financial statements or require disclosure in the notes to the financial statements.