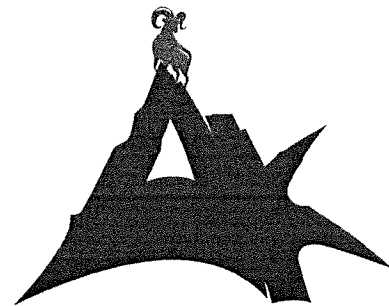


ALASKA CHILDREN'S TRUST

FINANCIAL STATEMENTS

(With Independent Auditor's Report Thereon)

Years Ended December 31, 2020 and 2019



PORTER & ALLISON
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CERTIFIED PUBLIC ACCOUNTANTS

ALASKA CHILDREN'S TRUST

FINANCIAL STATEMENTS

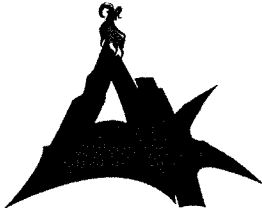
(With Independent Auditor's Report Thereon)

Years Ended December 31, 2020 and 2019

ALASKA CHILDREN'S TRUST

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities.....	3
Statements of Functional Expenses	4
Statements of Cash Flows.....	5
Notes to Financial Statements	6-11



PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Alaska Children's Trust
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of Alaska Children's Trust (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 audit 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 Children's Trust as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Porter & Allison, Inc.

Anchorage, Alaska
June 13, 2021

Address: 18701 Denmark Cir, Anchorage, Alaska 99516

Phone: 907-770-CPAs (2727)

FINANCIAL STATEMENTS

ALASKA CHILDREN'S TRUST

Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets:		
Cash	\$ 404,859	\$ 261,624
Accounts receivable	-	61,577
Grants receivable	59,568	64,011
Distribution receivable from agency endowment fund	-	250,000
Prepaid expenses	6,929	829
Total Current Assets	<u>471,356</u>	<u>638,041</u>
Security deposits	2,200	2,200
Beneficial interest in agency endowment funds	14,085,338	13,065,022
Property and equipment, net of accumulated depreciation of \$8,335 and \$7,631 for 2020 and 2019, respectively	<u>-</u>	<u>703</u>
Total Assets	<u>\$ 14,558,894</u>	<u>\$ 13,705,966</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 59,605	\$ 226,128
Deferred revenue	-	52,337
Total Current liabilities	<u>59,605</u>	<u>278,465</u>
Net Assets:		
Without donor restrictions	(210,256)	(132,968)
With donor restrictions	<u>14,709,545</u>	<u>13,560,469</u>
Total Net Assets	<u>14,499,289</u>	<u>13,427,501</u>
Total Liabilities and Net Assets	<u>\$ 14,558,894</u>	<u>\$ 13,705,966</u>

See accompanying notes to financial statements.

ALASKA CHILDREN'S TRUST
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Support:						
Foundations	\$ -	713,195	713,195	\$ 66,335	965,300	1,031,635
Corporations and individuals	92,485	320,033	412,518	206,267	-	206,267
Government	62,451	35,000	97,451	39,687	35,000	74,687
In-kind revenues	2,228	-	2,228	-	-	-
Net investment return on beneficial interest	-	1,770,290	1,770,290	-	1,838,121	1,838,121
Net Assets Released from Restrictions	1,689,442	(1,689,442)	-	1,504,768	(1,504,768)	-
Total Support	<u>1,846,606</u>	<u>1,149,076</u>	<u>2,995,682</u>	<u>1,817,057</u>	<u>1,333,653</u>	<u>3,150,710</u>
Revenues:						
Government	466,248	-	466,248	404,518	-	404,518
Other	21,114	-	21,114	52,073	-	52,073
Interest income	99	-	99	527	-	527
Total Revenues	<u>487,461</u>	<u>-</u>	<u>487,461</u>	<u>457,118</u>	<u>-</u>	<u>457,118</u>
Total Support and Revenues	<u>2,334,067</u>	<u>1,149,076</u>	<u>3,483,143</u>	<u>2,274,175</u>	<u>1,333,653</u>	<u>3,607,828</u>
Expenses:						
Program	2,054,862	-	2,054,862	1,794,038	-	1,794,038
Administrative	162,888	-	162,888	188,280	-	188,280
Fundraising	193,605	-	193,605	233,715	-	233,715
Total Expenses	<u>2,411,355</u>	<u>-</u>	<u>2,411,355</u>	<u>2,216,033</u>	<u>-</u>	<u>2,216,033</u>
Change in Net Assets	(77,288)	1,149,076	1,071,788	58,142	1,333,653	1,391,795
Net Assets, beginning of year	<u>(132,968)</u>	<u>13,560,469</u>	<u>13,427,501</u>	<u>(191,110)</u>	<u>12,226,816</u>	<u>12,035,706</u>
Net Assets, end of year	<u>\$ (210,256)</u>	<u>14,709,545</u>	<u>14,499,289</u>	<u>\$ (132,968)</u>	<u>13,560,469</u>	<u>13,427,501</u>

See accompanying notes to financial statements.

ALASKA CHILDREN'S TRUST
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

For the year ended December 31, 2020:

	Supporting Services			Total
	Program	Administrative	Fundraising	
Expenses:				
Payroll and related expenses	\$ 570,034	68,280	115,236	\$ 753,550
Grants to others	719,021	-	-	719,021
Professional fees	299,208	27,123	17,740	344,071
Printing and advertising	200,529	163	18,982	219,674
Communications	56,030	11,813	25,523	93,366
Supplies	65,183	17,829	4,990	88,002
Travel and meetings	53,063	19,631	4,006	76,700
Facility	66,784	4,714	4,928	76,426
Other	24,598	2,104	1,917	28,619
Licenses and subscriptions	-	9,052	283	9,335
Insurance	412	1,476	-	1,888
Depreciation	-	703	-	703
Total Expenses	<u>\$ 2,054,862</u>	<u>162,888</u>	<u>193,605</u>	<u>\$ 2,411,355</u>

For the year ended December 31, 2019:

	Supporting Services			Total
	Program	Administrative	Fundraising	
Expenses:				
Payroll and related expenses	\$ 620,454	21,602	161,178	\$ 803,234
Grants to others	481,903	-	-	481,903
Professional fees	246,295	81,056	18,530	345,881
Printing and advertising	108,388	1,078	6,698	116,164
Communications	79,444	9,928	10,348	99,720
Supplies	15,871	3,548	6,676	26,095
Travel and meetings	146,754	51,339	18,555	216,648
Facility	51,193	9,059	7,745	67,997
Other	43,685	1,537	1,794	47,016
Licenses and subscriptions	51	6,570	2,191	8,812
Insurance	-	1,861	-	1,861
Depreciation	-	702	-	702
Total Expenses	<u>\$ 1,794,038</u>	<u>188,280</u>	<u>233,715</u>	<u>\$ 2,216,033</u>

See accompanying notes to financial statements.

ALASKA CHILDREN'S TRUST
 Statements of Cash Flows
 Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,071,788	\$ 1,391,795
Adjustments to reconcile change in net assets to to net cash flows from operating activities:		
Depreciation	703	702
Net investment return on beneficial interest	(1,770,290)	(1,838,121)
(Increase) Decrease in assets:		
Accounts receivable	61,577	(61,577)
Grants receivable	4,443	(61,107)
Distribution receivable from agency endowment fund	250,000	(250,000)
Prepaid expenses	(6,100)	(3)
Increase (Decrease) in liabilities:		
Accounts payable	(166,523)	63,616
Deferred revenue	(52,337)	(8,954)
Net Cash Flows from Operating Activities	(606,739)	(763,649)
Cash Flows from Investing Activities:		
Contributions to beneficial interest	(26)	(1,300)
Distributions received from beneficial interest	750,000	500,000
Net Cash Flows from Investing Activities	749,974	498,700
Net Cash Flows	143,235	(264,949)
Cash, beginning of year	261,624	526,573
Cash, end of year	\$ 404,859	\$ 261,624

See accompanying notes to financial statements.

ALASKA CHILDREN'S TRUST
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

Note 1 – Nature of Operations

Alaska Children's Trust (the Organization) is a non-profit corporation organized to improve the status of children in Alaska by generating funds and committing resources to eliminate child abuse and neglect.

The Organization was established by the Alaska State Legislature in 1988 and received initial funding in 1996. Each year, the Organization funds community-based prevention programs across the state aimed at strengthening families, protecting children, and developing healthy communities.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accounting policies conform to accounting principles generally accepted in the United States of America as applicable. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Cash

For purposes of reporting cash flows, all cash and highly liquid investments with an initial maturity of three months or less are considered cash.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances related to support and revenues and are reported net of allowance for doubtful accounts. The allowance for doubtful accounts is based on management's estimate of the accounts receivable that will not be collected. Management considers the collectability of receivables on a case by case basis. Receivables are written off when all collection efforts have been exhausted. Management believes all balances will be collected for the years presented and therefore no allowance has been recorded.

Beneficial Interest in Agency Endowment Fund

In 2011, the State of Alaska transferred funds to the Alaska Community Foundation (ACF) on the Organization's behalf as the named beneficiary. ACF is holding them as the agent in an agency endowment fund (the Fund) for the benefit of the Organization. The intent of the Fund is to be used for general charitable uses to benefit the Organization. Distributions back to the Organization are subject to the ACF's investment and spending policies and are not readily available for operations until received. Therefore, the Organization reports the fair value of the Fund as a beneficial interest on the statement of financial position where the changes in the value of the Fund from realized and unrealized earnings net of expenses (net investment return) are reported as restricted until received from ACF. The Fund has been valued, as a practical expedient, at the fair value of the Organization's share of the ACF's investment pool as of the measurement date, utilizing valuations provided by the investment funds. The ACF values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the ACF, which include private placements and other securities for which prices are not readily available, are determined by the management of the ACF and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. As such, the Fund is classified at Level 3, having elements of unobservable inputs. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

ALASKA CHILDREN'S TRUST
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the Organization to retain as a fund of perpetual duration. The Organization follows the policy of ACF in regard to spending underwater endowment funds. Deficiencies of this nature do not exist in the current year.

Property and Equipment

Purchases of property and equipment are recorded at cost or, in the case of donated property, at the estimated fair value as of the date of the contribution. The organization has not established a capitalization policy. Depreciation is provided using the straight-line method over the estimated useful lives of the property, which range from five to ten years. Expenditures for repairs and maintenance are charged against operations as incurred.

Net Assets

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified 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 Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support and Revenue Recognition

Support – Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met. They are classified on the statement of financial position as refundable advances until such conditions are met. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Revenue - Revenues from contracts with customers are for training and consulting activities that support the Organization's mission. Revenue is recognized over time as performance obligations are met using the output method. Management evaluates each contract individually as performance obligations are specific to each individual contract. At times cash receipts from contracts are received in advance of performance obligations being met, these receipts are reported as deferred revenue (contract liability) until that time performance obligations are met. All beginning balances of deferred revenue presented were recognized as revenue in the subsequent year.

ALASKA CHILDREN'S TRUST
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

Donated Materials and Services

Donated materials and services meeting the criteria of FASB ASC 958-605 are recorded at their estimated fair value as of the date of the contribution. The amount of the contribution is presented as both support and expense in the accompanying financial statements.

Advertising

Costs related to advertising are expensed as incurred.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Those expenses include the president's office, communications, and information technology. Certain costs of the President's office, communications, and information technology are allocated based on estimates of time and effort. Fundraising payroll and related expenses are based on time studies that support 25% of the total general and administrative wages as being for purpose of fundraising.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair Value Measurements

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities in active markets, quoted prices.

Level 3 – Inputs are unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Organization reports the following Level 1 financial instruments at fair value or at amounts that approximate fair value: (1) cash, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities.

ALASKA CHILDREN'S TRUST
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is a nonprofit corporation that is a publicly supported charity and not a private foundation. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through June 13, 2021, the date the financial statements were available to be issued.

Note 3 – Cash and Concentrations of Credit Risk

The Organization maintains cash balances at several financial institutions located in Anchorage, Alaska. Accounts at each institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Alaska Children's Trust had uninsured cash totaling \$487,510 and \$35,024 at December 31, 2020, and 2019, respectively.

Note 4 – Beneficial Interest in Agency Endowment Fund

Changes in the Fund for the years ended December 31 that are included in net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 13,065,022	11,725,601
Net investment return:		
Realized investment earnings	358,964	475,681
Unrealized fair value adjustment	1,477,968	1,429,106
ACF management/custodial fees	<u>(66,642)</u>	<u>(66,666)</u>
Total net investment return	1,770,290	1,838,121
Contributions	26	1,300
Distributions from ACF	<u>(750,000)</u>	<u>(500,000)</u>
Net change in beneficial interest	<u>1,020,316</u>	<u>1,339,421</u>
Balance, end of year	<u>\$ 14,085,338</u>	<u>13,065,022</u>

ALASKA CHILDREN'S TRUST
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

Note 5 – Net Assets

Net assets with donor restrictions consists of the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Programs	\$ 624,208	\$ 495,447
Beneficial Interest held by ACF –		
Subject to ACF spending policy and appropriations (see Note 2)	<u>14,085,337</u>	<u>13,065,022</u>
Total Net Assets With Donor Restrictions	<u>\$ 14,709,545</u>	<u>\$ 13,560,469</u>

Releases from net assets with donor restrictions for the years ended December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Programs	\$ 939,442	\$ 1,004,768
Beneficial Interest held by ACF –		
Subject to ACF spending policy and appropriations (see Note 2)	<u>750,000</u>	<u>500,000</u>
Total Net Assets With Donor Restrictions Released during the year	<u>\$ 1,689,442</u>	<u>\$ 1,504,768</u>

Note 6 – Payroll and Related Expenses

Personnel costs presented in the statement of functional expenses reflect payroll and benefits costs for employees of The Foraker Group who work exclusively for the Organization.

Note 7 – Related Party Transactions

The Organization received contributions from board members and related affiliates totaling \$71,212 and \$157,385 for the years ended December 31, 2020, and 2019, respectively. There were no balances due from related parties as of December 31, 2020, and 2019.

Note 8 – Commitments and Contingencies

The Organization receives grants that are subject to audit and adjustment by the grantor agencies. Any expenditure disallowed as a result of such an audit and for which grant monies had been expended would become a liability of the organization. At December 31, 2020, and 2019, no such audit was pending and the management of the Organization does not anticipate any such liability arising that would have a material effect on the financial condition of the organization.

ALASKA CHILDREN'S TRUST
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

Note 9 – Liquidity and Availability of Resources

The Organization financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the date of the statement of financial position, comprised of the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash	\$ 404,859	\$ 261,624
Accounts receivable	-	61,577
Grants receivable	59,568	64,011
Distribution receivable from the agency endowment fund	-	250,000
Beneficial interest in agency endowment funds	<u>14,085,338</u>	<u>13,065,022</u>
Total Financial Assets	14,549,765	13,702,234
Less: funds restricted spending and appropriation policy	<u>(13,457,946)</u>	<u>(11,937,630)</u>
Total Financial Assets Available	<u>\$ 1,091,819</u>	<u>\$ 1,764,604</u>

As part of the Organization's liquidity management, the Organization has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's beneficial interest income is available at the discretion of the agent. At December 31, 2020 and 2019, the agent has noted that \$627,392 and \$1,127,392, respectively, of the endowment is available for the Organization to use for any activities of the Organization in the next 12 months. In the event of an emergency, additional funds may be drawn down with the approval of the agent's board of directors.

Note 10 – New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the entities' fiscal years beginning after December 15, 2021, with early adoption permitted.

In September 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This amendment is to update the application to NFPs that receive contributed nonfinancial assets. The amendments address the presentation and disclosure of contributed nonfinancial assets. The ASU is required to be applied on the retrospective basis and is effective for the entities' fiscal years beginning after June 15, 2021, with early adoption permitted.