

Financial Statements

For the Year Ended December 31, 2010 (With Summarized Financial Information for the Year Ended December 31, 2009)

and Report Thereon

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Izaak Walton League of America

CONSULTING
ACCOUNTING
TECHNOLOGY

Certified Public Accountants We have audited the accompanying statement of financial position of the Izaak Walton League of America (IWLA) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of IWLA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from IWLA's 2009 financial statements and, in our report dated July 9, 2010, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IWLA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IWLA as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on pages 20-22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Raffa, P.C.
RAFFA, P.C.

Washington, DC July 27, 2011

STATEMENT OF FINANCIAL POSITION

December 31, 2010

(With Summarized Financial Information as of December 31, 2009)

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,599,962	\$ 2,219,608
Grants receivable	112,771	422,278
Contributions and other receivables	149,011	92,734
Prepaid expenses	51,109	67,242
Inventory	3,532	3,532
Total Current Assets	2,916,385	2,805,394
Investments	1,554,833	1,411,550
Property and equipment, net	1,928,629	2,051,426
Interest in charitable remainder trust	1,135,659	1,117,849
TOTAL ASSETS	\$ 7,535,506	\$ 7,386,219
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 212,750	\$ 173,409
Accrued vacation and other	120,335	139,240
Due to Winds on the Wires		431,942
Total Current Liabilities	333,085	744,591
Security deposits	15,950	15,950
TOTAL LIABILITIES	349,035	760,541
Net Assets		
Unrestricted	3,253,798	3,030,877
Temporarily restricted	1,961,589	1,664,445
Permanently restricted	1,971,084	1,930,356
TOTAL NET ASSETS	7,186,471	6,625,678
TOTAL LIABILITIES AND NET ASSETS	\$ 7,535,506	\$ 7,386,219

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

(With Summarized Financial Information for the Year Ended December 31, 2009)

2010 2009 Temporarily Permanently Unrestricted Restricted Restricted Total Total REVENUE AND SUPPORT Contributions and grants \$ 553,651 1,278,680 \$ 18,040 1,850,371 2,421,595 Member contributions 603,297 1,204,984 1,213,776 596,809 4,878 Rental income 332,406 332,406 322,309 Interest income and fees, net of realized loss on sale of investment 36,287 36,287 17,736 Change in value of interest in charitable remainder trust 17,810 17,810 165,169 9,912 Sales of sundries 9,912 9,281 Registration fees 2,790 2,790 11,590 Other 37,145 37,145 26,432 Reclassification due to donor-imposed restriction 75,000 (75,000)Net assets released from restrictions: Satisfaction of purpose restriction 1,653,345 (1,653,345)TOTAL REVENUE AND SUPPORT 297,144 40.728 3,491,705 3,153,833 4,187,888 **EXPENSES** Program services 2,123,682 2,123,682 2,822,547 **Supporting Services:** 689,570 Management and general 689,570 751,472 **Fundraising** 225,777 225,777 263,461 915,347 1,014,933 **Total Supporting Services** 915,347 TOTAL EXPENSES 3,039,029 3,039,029 3,837,480 CHANGE IN NET ASSETS FROM **OPERATIONS** 114,804 297,144 40,728 452,676 350,408 Nonoperating Activities: Transfer of net assets to Winds on the Wires (431,942)Unrealized gain on investments 108,117 108,117 249,529 CHANGE IN NET ASSETS 222,921 297,144 40,728 167,995 560,793

1,664,445

1,961,589

1,930,356

1,971,084

6,625,678

7,186,471

6,457,683

6,625,678

3,030,877

3,253,798

NET ASSETS, BEGINNING OF YEAR,

NET ASSETS, END OF YEAR

AS RESTATED

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010

(With Summarized Financial Information for the Year Ended December 31, 2009) Increase (Decrease) in Cash and Cash Equivalents

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 560,793	\$ 167,995
Adjustments to reconcile change in net assets to net cash		
provided by (used in) operating activities:		
Depreciation and amortization	130,961	132,089
Unrealized and realized gains on sales of investments, net	(105,776)	(221,471)
Change in value of interest in charitable remainder trust	(17,810)	(165,169)
Changes in assets and liabilities:	, , ,	, , ,
Decrease (increase) in:		
Grants receivable	309,507	(37,275)
Contributions and other receivables	(56,277)	56,048
Prepaid expenses	16,133	43,777
Increase (decrease) in:	,	,
Accounts payable	39,341	(184,040)
Accrued vacation and other	(18,905)	6,814
Deferred revenue	-	(100,000)
Due to Winds on the Wires	(431,942)	431,942
Security deposits	 -	 1,575
NET CASH PROVIDED BY OPERATING ACTIVITIES	 426,025	132,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(8,164)	(11,653)
Purchases of investments	(1,556,600)	(681,214)
Proceeds from sale and maturity of investments	 1,519,093	 664,218
NET CASH USED IN INVESTING ACTIVITIES	(45,671)	 (28,649)
NET INCREASE IN CASH AND CASH EQUIVALENTS	380,354	103,636
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,219,608	 2,115,972
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,599,962	\$ 2,219,608

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

1. Organization and Summary of Significant Accounting Policies

Organization

The Izaak Walton League of America (IWLA) was incorporated in 1922 in Illinois. IWLA works to conserve, maintain, protect, and restore soil, forest, water, and other natural resources of the United States; to educate the public about these resources and the need to conserve them; and to promote and provide opportunities for responsible outdoor recreation.

IWLA's work is guided by grassroots volunteers. Its more than 260 local chapters and state divisions advance the mission of the Izaak Walton League nationwide – improving water quality, enhancing wildlife habitat on private and public lands, and working to restore and protect some of the nation's most important ecosystems.

The League's staff works to advance IWLA's conservation policy agenda – which is established by its members – by providing background information to Congress and other influential parties, keeping members informed about federal legislative and regulatory issues affecting natural resources and the environment, educating the public about important national conservation issues, and assisting members and chapters in their conservation activities. IWLA's core conservation programs include the following:

General Conservation: The general conservation program advances IWLA's conservation policy agenda, established by its members, by providing background information to Congress and other influential parties, keeping members informed about federal legislative and regulatory issues affecting natural resources and the environment, educating the public about important national conservation issues, and giving assistance to members and chapters on their conservation activities as requested.

Energy: IWLA's energy program works to promote renewable energy, energy efficiency, and clean energy sources. Areas of focus include phasing out old coal-fired power plants and preventing construction of new ones; reforming utility ratemaking policies to ensure that investments in energy efficiency are as profitable for utilities as investments in new power plants; and working to address the issue of climate change at the state, regional, and national levels.

Water: For more than 40 years, IWLA's Save Our Streams program has provided education and technical support to help communities improve water quality and conserve local watersheds. This technical support has included handbooks, videos, and workshops that present scientific concepts in a manner that local volunteers can readily understand and use. IWLA's water program also engages youth with nature by using streams as living classrooms and works to promote public policies that will conserve and protect wetlands and water quality.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

Sustainability: IWLA has long recognized the direct connection between population growth and natural resource depletion and has worked to raise public awareness of this issue. IWLA's sustainability education program conducts education and outreach to increase awareness and support for IWLA's policy positions, provides technical support to local grassroots efforts to help create more sustainable communities, and advocates for policies that will provide women with increased access to education and health services.

Communications and Media: Outdoor America magazine is IWLA's flagship publication and the staff's primary vehicle for communicating with League members. Each issue includes highlights of chapter activities and articles that focus on key conservation issues. Other publications produced by IWLA include a monthly electronic newsletter, annual reports, and support materials for conservation programs. In addition, the League's staff works with the media to keep the public informed about IWLA's work on national, regional, and local conservation issues and projects.

Chapters and Membership: At the heart of the Izaak Walton League are more than 260 chapters and state divisions across the country. These groups form a grassroots volunteer network of conservationists and community activists who are fighting to protect the natural resources they love and enjoy. IWLA's annual convention, held every year since 1922, provides an opportunity for members from around the country to participate in the democratic process that governs IWLA and to work together to advance IWLA's conservation and education mission. IWLA supports chapters and divisions through member recognition and awards programs, membership renewal services, communication tools, membership marketing materials and other publications, and workshops.

Regional Conservation:

Boundary Waters: Since IWLA helped forge the first "wilderness" protection in the Boundary Waters Canoe Area in 1926, this area has remained a priority for the organization and its members. IWLA continues to advocate for improved federal management and oversight of the Boundary Waters Canoe Area Wilderness to maintain its unique wilderness and recreational values. IWLA also works to protect natural resources on public lands from damage by off-highway vehicles and to support adequate funding for state and federal land management agencies.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

Regional Conservation (continued):

Missouri River Initiative: IWLA works with federal and state agencies and private stakeholders in Iowa, Nebraska, and South Dakota to assess the environmental challenges facing the Missouri River ecosystem, restore the river's natural flows, improve fish and wildlife habitats, and provide increased opportunities for public recreation. As part of this ongoing effort, IWLA coordinates river cleanups and hosts educational events for students and their families along the river.

Upper Mississippi River: IWLA is working to reduce agricultural impacts on the Upper Mississippi River, promote more sustainable agriculture practices in the region, reform the U.S. Army Corps of Engineers' river navigation system, and restore this unique ecosystem. This work is carried out in close collaboration with other nonprofit organizations in the region.

Agriculture: Since 1937, IWLA has promoted farming methods that sustain people and natural resources. Today, IWLA's agriculture program continues to advocate for farming policies and practices that promote conservation of soil, water, and the country's natural heritage through public education, nonprofit and public sector partnerships, advocacy, and on-the-ground conservation in local communities.

Method of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements are prepared using the accrual basis of accounting and include all material receivables and payables.

Cash and Cash Equivalents

For financial statement purposes, IWLA considers cash and cash equivalents to include cash in the bank and liquid investments with an original maturity of three months or less and excludes those amounts included in the investment portfolio.

Receivables

Receivables 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 by 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. A receivable is

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

1. Organization and Summary of Significant Accounting Policies (continued)

Receivables (continued)

considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is not recorded on any past due balances. Management believes that all receivables are fully collectible within one year and no provision for doubtful accounts is necessary.

Inventory

Inventory consists of books, pamphlets, and other memorabilia and is recorded at the lower of cost or market using the first-in, first-out method. Management determines obsolete inventory by annually examining inventory for slow-moving items or items no longer sold. Inventory is written off when deemed obsolete.

Fixed Assets and Related Depreciation and Amortization

Fixed assets consist of furniture, equipment and leasehold improvements and are capitalized and carried at cost. Donated land, buildings and property, and equipment are stated at fair value at the date of donation. Expenditures for major additions, renewals and improvements are capitalized; expenditures for repairs and maintenance are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation and amortization are eliminated from the accounts and the resulting gain or loss is reflected in the accompanying statement of activities. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets.

Estimated useful lives for property and equipment are as follows:

	Estillated
Category	<u>Useful Life</u>
Building and improvements	30 years
Furniture and equipment	3-12 years

Estimated

Impairment of Long-Lived Assets

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 360, *Property, Plant and Equipment*, IWLA reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of December 31, 2010, IWLA has not recognized an impairment loss.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

1. Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments consist of fixed-income mutual funds and equity mutual funds. Investments are reflected in the financial statements at fair value. Fair value is the price 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. Purchases and sales of investments are recorded on a trade date basis. Investment income is recorded as an increase in unrestricted net assets, unless restricted by donor or law. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Accordingly, it is at least reasonably possible that changes in investment values will occur in the near term, and such changes could affect balances and amounts reported in the accompanying statement of financial position.

Fair Value of Financial Instruments

IWLA adopted the *Fair Value Measurements* Topic of the FASB ASC for financial assets and liabilities measured at fair value on a recurring basis. The FASB ASC defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. The FASB ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the FASB ASC Topic established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under the FASB ASC topic are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability including the reporting entity's own assumptions in determining the fair value measurement.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets

The net assets of IWLA are classified as follows:

- Unrestricted net assets represent funds that are available for support of IWLA's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.
- Permanently restricted net assets represent amounts that include donor-imposed restrictions that stipulate that the resources be maintained in perpetuity and that only the investment earnings on such amounts be used in the manner specified by the donor.

Revenue Recognition

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Donated materials and equipment are recorded at the fair value at the date of donation. Unconditional gifts and grants that are expected to be collected within one year are recorded at net realizable value. Unconditional gifts and grants that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using interest rates applicable to the period over which the promises are to be received.

Membership dues are accounted for as a contribution in the year received. Dues received in advance of the membership period are recognized as temporarily restricted contributions and released in the membership period.

Rental income is recognized as revenue in the month it is earned.

Bequests

IWLA recognizes bequests in the year the promise to give becomes unconditional, which is at the time the probate court declares the will valid and the proceeds are measurable in amount.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

1. Organization and Summary of Significant Accounting Policies (continued)

Donated Services

A large number of volunteers have given significant amounts of their time to IWLA's programs, fund-raising campaigns and management. No amounts have been recognized in the accompanying financial statements for such donated services, since no objective basis is available to measure their value and such services do not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying schedule of functional expenses. Accordingly, certain costs have been allocated proportionately among the programs and supporting services based on the direct expenses incurred for each program.

Estimates

Management uses estimates and assumptions in preparing the 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.

Measure of Operations

IWLA considers unrealized gains or losses on investments to be items not included in operations.

2. Investments

IWLA's investments, at fair value, consisted of the following as of December 31, 2010:

Equity mutual funds	\$ 962,485	5
Fixed-income mutual funds	592,348	3
Total	\$ 1,554,833	3

Investment income consisted of the following for the year ended December 31, 2010:

Interest	\$ 70,860
Realized loss on sale of investments, net	(19,160)
Unrealized gain on investments, net	108,117
Investment fees	 (15,413)
Total	\$ 144,404

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

3. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2010:

Building and improvements	\$ 3,470,492
Furniture and equipment	455,179
Land	239,271
Donated artwork	8,330
Total Property and Equipment	4,173,272
Less: Accumulated Depreciation and Amortization	(2,244,643)
Property and Equipment, Net	\$ 1,928,629

Depreciation and amortization expense was \$130,961 for the year ended December 31, 2010.

4. Fair Value Measurements

The following table summarizes IWLA's assets measured at fair value on a recurring basis as of December 31, 2010, aggregated by the fair value hierarchy level with which those measurements were made:

		Qι	oted Prices				
			in Active	Sig	nificant		
		N	larkets for	(Other	S	ignificant
			Identical	Obs	servable		observable
			Assets	I	nputs		Inputs
	 Total		(Level 1)	(L	evel 2)		(Level 3)
Interest in charitable							
remainder trust	\$ 1,135,659	\$	-	\$	-	\$	1,135,659
Fixed-income mutual							
funds:							
Government bonds	528,290		528,290		-		-
High-yield bonds	64,058		64,058		-		-
Equity mutual funds:							
Large cap	551,005		551,005		-		-
International developed							
markets	193,537		193,537		-		-
Mid cap	67,116		67,116		-		-
Real estate	65,321		65,321		-		-
Small cap	49,912		49,912		-		-
Micro cap	17,145		17,145		-		-
International emerging							
markets	 18,449		18,449				
Total	\$ 2,690,492	\$	1,554,833	\$	-	\$	1,135,659

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

4. Fair Value Measurements (continued)

IWLA used the following methods and significant assumptions to estimate fair value for its assets measured at fair value:

Mutual funds – Where quoted prices are available in an active market for identical assets, investments are classified within Level 1 of the valuation hierarchy

Charitable remainder trust agreement – The expected future cash inflows from the charitable remainder trust (the Trust) are based on the fair value of the investments, future expected investment returns, and the life expectancy of the donor and have been recorded at present value based on a discount rate of 3.2%. The Trust is recorded at the present value of the future distributions expected to be received over the term of the agreement. The value of the Trust is based on unobservable inputs and IWLA's own assumptions.

A roll forward of the fair value measurements of IWLA's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows as of December 31, 2010:

Beginning balance as of December 31, 2009	\$ 1,117,849
Change in value of interest in charitable remainder trust	 17,810
Ending balance as of December 31, 2010	\$ 1,135,659

5. Concentration of Credit Risk

IWLA maintains its cash and cash equivalents with a commercial financial institution, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2010, IWLA had \$971,076 composed of demand deposits (excluding noninterest-bearing transaction accounts, which are fully insured regardless of their balance), which exceeded the maximum limit insured by the FDIC by \$721,076. IWLA monitors the creditworthiness of the financial institution and has not experienced any credit losses on its cash and cash equivalents.

6. Charitable Remainder Trust

IWLA is a beneficiary of a charitable remainder trust. Under the terms of the agreement, the Trust makes payments each year to the grantor for the duration of the Trust's term (the grantor's lifetime). At the end of the Trust's term, the remaining assets are permanently restricted. The administrator, who is a third-party trustee, holds the assets. IWLA's interest in

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

6. Charitable Remainder Trust (continued)

the Trust is recorded at its estimated net present value. IWLA records the receivable at the present value of expected future cash flows based on the donors' life expectancies. As of December 31, 2010, using 2.91% discount rate, the present value of the Trust is \$1,135,659 based on the life expectancies and an expected rate of return of 3.0%. The fair market value of the Trust's assets was \$2,509,342 at December 31, 2010.

7. Endowment Funds

Interpretation of Relevant Law

The Board of Directors of IWLA has interpreted Maryland's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, IWLA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the endowment fund's applicable donor gift instruments at the time the accumulation is added to the fund. In accordance with UPMIFA, IWLA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of IWLA and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of IWLA.
- The investment policies of IWLA.

As of December 31, 2010, the endowment net asset composition by type of fund is as follows:

	Permanently				
	Unrestricted	Restricted	Total		
Donor-restricted endowment funds Board-designated endowment funds	\$ - 550,000	\$ 1,971,084 	\$ 1,971,084 <u>550,000</u>		
Total Funds	\$ 550,000	\$ 1,971,084	\$ 2,521,084		

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

7. Endowment Funds (continued)

Permanently Restricted Net Assets

Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained permanently, either by explicit donor stipulation or by UPMIFA

\$ 1,971,084

Total endowment funds classified as permanently restricted net assets

\$ 1,971,084

Permanently restricted net assets are as follows at December 31, 2010:

Charitable remainder trust	\$ 1,135,659
Life membership dues	469,992
Trust contributions	365,433
Total	\$ 1,971,084

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires IWLA to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2010.

Return Objectives, Risk Parameter and Strategies Employed

IWLA has adopted investment and spending policies for endowment funds that attempt to provide a predictable stream of funding to programs supported by its endowment while protecting the principal balance. The objective of the permanently restricted assets is the preservation of capital. To achieve the return objectives within the risk parameters, IWLA has elected to invest in fixed-income and equity mutual funds.

Spending Policy and How the Investment Objectives Relate to Spending Policy

IWLA currently appropriates budgeted interest and dividends based on a current rate of return for spending on operations. All gains (losses) are reinvested in the investment portfolio.

8. Unrestricted Net Assets

The Board of Directors has established reserves for IWLA as follows:

Maintenance and depreciation – This asset was designated to cover major repairs and maintenance on the building, as determined by the Board.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

Unrestricted Net Assets (continued)

8.

Cordova fund – This fund was established by the Board with consultation from the Cordova Committee to accumulate funds as a contingency for the eventual termination of payments from a legal settlement with an electric utility (see Note 11, Legal Settlement).

Unrestricted net assets are as follows at December 31, 2010:

Undesignated:

Operating	\$ 775,169
Property and equipment, net	1,928,629
Board designated:	
Maintenance and depreciation	250,000
Cordova fund	300,000
Total	\$ 3.253.798

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are as follows at December 31, 2010:

Program restrictions:

Energy	\$	745,160
Agriculture		348,811
Sustainability		126,683
Missouri River Initiative		75,716
Water		22,100
Maryland Conservation Education		13,909
Youth Convention		12,985
Midwest Diesel Campaign		9,711
Outdoor Ethics		3,147
Other		6,559
Time restrictions:		
General operations	_	596,808
Total	<u>\$</u>	1,961,589

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

10. Retirement Plan

IWLA sponsors a defined contribution pension plan that covers substantially all employees. To qualify for employer contributions, employees must have completed two years of service with IWLA. At its discretion, IWLA contributes a percentage of the employee's gross salary up to the maximum permitted by law under the plan. Total pension expense was \$26,584 for the year ended December 31, 2010.

11. Legal Settlement

The national headquarters of IWLA, in conjunction with two divisions and three chapters of IWLA as plaintiffs, were parties to a legal settlement dated October 11, 1983. The settlement is the result of a suit brought by the above parties regarding the environmental protection of the Mississippi River. As a result of the settlement, the plaintiffs are to receive the sum of \$350,000 each year for a term of up to 20 years. An agreement between IWLA and the defendants was entered into to continue the cooperative relationship to protect the natural resources of the Mississippi River. As a result of the agreement, IWLA will continue to receive annual payments through 2012. The receipts are to be applied to an environmental fund that is to be created and administered by IWLA. The primary purpose of the fund is to develop and administer environmental programs. The payment under this agreement was received during the year ended December 31, 2010, and is included in unrestricted contributions and grants. During 2010, \$75,000 was reclassified to temporarily restricted contributions due to another donor's imposed restrictions.

12. Leases

IWLA has a noncancelable operating lease agreement for the Midwest Division's office space, which expires on June 30, 2011. The lease contains annual rent increases, as well as annual escalation clauses, for both increases in property taxes and general operating and maintenance costs of the landlord. Rent expense was \$35,245 for the year ended December 31, 2010.

Future minimum lease payments, subject to cost-of-living adjustments, are as follows as of December 31, 2010:

For the Year Ending
December 31,

2011
\$ 16,830

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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12. Leases (continued)

IWLA subleases office space at its headquarters to four tenants. Three leases have lease terms of five years and terminate in the years ending 2011 through 2013. Rental income was \$332,406 for the year ended December 31, 2010. The gross minimum rental income under the agreements is as follows as of December 31, 2010:

For the Year Ending	
December 31,	
2011	\$ 78,964
2012	21,632
2013	6,346
Total	\$ 106,942

13. Prior Period Adjustments

During the year ended December 31, 2009, IWLA restated its temporarily restricted net asset balance at the beginning of the year to correct for the proper recognition of multiyear grants in prior years. In prior years, grants were treated as conditional and were recognized when the conditions were substantially met, and grant funds that were received in advance were reported as refundable advances. In 2009, these grants were determined to be unconditional and were therefore recognized as temporarily restricted contributions when promised. These grants were released as expenditures were incurred for the restricted purpose. The effect of this adjustment was to increase the temporarily restricted net assets and decrease the refundable advances by \$945,735 and \$708,116, respectively, as of December 31, 2008. The adjustment also decreased the grants and contributions by \$237,619 for the year ended December 31, 2009.

14. Income Taxes

IWLA is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, IWLA qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. IWLA had no net unrelated business income for the year ended December 31, 2010.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

14. Income Taxes (continued)

IWLA adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. IWLA performed an evaluation of uncertain tax positions for the year ended December 31, 2010, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2010, the statute of limitations for tax years 2007 through 2009 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which IWLA files tax returns. It is IWLA's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2010, IWLA had no accruals for interest and/or penalties.

15. Subsequent Events

In preparing these financial statements, IWLA has evaluated events and transactions for potential recognition or disclosure through July 27, 2011, the date the financial statements were available to be issued. There were no subsequent events identified through July 27, 2011, which are required to be disclosed in these financial statements.



SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

Chapter Outdoor Annual Youth Relations and Communications Conservation Membership America Convention Convention Development and Media Water Salaries \$ 160,597 \$ 89,065 \$ 17,534 \$ 15.521 \$ 1.587 \$ 86,926 \$ 41,440 \$ 50,914 Fringe benefits 64,802 35,938 7,075 6,263 640 35,075 16,721 20,544 Total Salaries and Benefits 225,399 125,003 24,609 21,784 2,227 122,001 58,161 71,458 37,817 206 Printing 5,035 56,824 1,418 16 22,375 1,617 Professional fees 3,281 10,024 12,687 32,563 676 14,611 49,255 Advertising 901 819 Computer fees 625 73 825 2,425 712 5,385 310 9 24 8 483 1,419 Telephone 16 Postage and shipping 2,724 17,624 31,815 1,495 3 5,835 3 706 Travel 8,824 2,780 154 2,924 2,278 2,970 256 9,584 Dues, awards and grants 6,080 265 349 320 3,500 250 Subgrants and awards 8.332 3.477 4,325 1.095 Subscriptions and conferences 335 740 Office supplies and equipment 85 876 499 596 109 396 227 3,545 Other 8 16 59 Promotional expense 10,120 175 7,953 Rent 1,316 Utilities, repairs, maintenance and depreciation 18,587 Business insurance Sales taxes and licenses 185 Interest and bank fees Occupancy costs 40,016 22,193 4,369 3,867 395 21,660 10,326 12,685 **Total Direct Expenses** 305,988 249,804 150,950 36,273 10,143 195,116 93,553 150,560 Indirect expense allocation 69,128 56,433 34,101 8,194 2,291 44,079 21,135 34,013 44,467 TOTAL EXPENSES 375,116 306,237 185,051 12,434 239,195 114,688 184,573

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

Missouri Other Midwest River Wilderness and Program Total Office Initiative Sustainability Energy Agriculture **Public Lands** Expenses **Programs** \$ Salaries \$ 38,762 \$ 15,650 \$ 228,162 90,309 \$ 41,760 \$ 47,868 \$ 3,563 \$ 929,658 Fringe benefits 15,641 6,315 92,064 36,440 16,850 19,315 1,437 375,120 Total Salaries and Benefits 54,403 21,965 320,226 126,749 58,610 67,183 5,000 1,304,778 102 87 237 221 Printing 351 4,755 225 131,286 Professional fees 15,256 48,700 13,163 125 200.341 Advertising 163 1,064 Computer fees 547 762 836 448 395 11.133 2,666 Telephone 279 662 1,180 1,321 607 171 4,577 16,451 Postage and shipping 151 458 204 88 65 25 641 61,837 Travel 11,311 4,102 14,622 22,406 15,014 2,389 21 99,635 Dues, awards and grants 540 375 3,050 1,535 3,640 19,904 Subgrants and awards 30,000 5,000 35,000 1,886 613 2,418 521 472 Subscriptions and conferences 6,960 147 31,321 Office supplies and equipment 283 563 386 45 94 116 3,543 5 5,609 Other 64 5 1,175 Promotional expense 10 561 19,585 766 Rent 5,440 19,737 5,440 4,628 36,561 Utilities, repairs, maintenance and depreciation 283 203 105 37 146 19.361 Business insurance Sales taxes and licenses 30 215 Interest and bank fees Occupancy costs 9,659 888 126,058 **Total Direct Expenses** 35,315 451,682 178,791 77,695 94,684 76,108 17,020 2,123,682 Indirect expense allocation 21,390 7,978 102,040 40,391 17,552 17,194 3,845 479,764 TOTAL EXPENSES 43,293 93,302 116,074 553,722 219,182 95,247 20,865 2,603,446

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

Management and General

	Fundraising		Building Expenses		Management and General		Executive Board		Total Management and General		Total Supporting Services		2010 Total		 2009 Total	
Salaries	\$	105,825	\$	49,955	\$	188,187	\$	25,584	\$	263,726	\$	369,551	\$	1,299,209	\$ 1,438,794	
Fringe benefits		42,701		20,157		75,934		10,323		106,414		149,115		524,235	 656,713	
Total Salaries and Benefits		148,526		70,112		264,121		35,907		370,140		518,666		1,823,444	 2,095,507	
Printing		4,348		55		(1,778)		1,012		(711)		3,637		134,923	115,929	
Professional fees		6,696		20,400		100,166		-		120,566		127,262		327,603	751,738	
Advertising		1,950		-		-		-		-		1,950		3,014	4,083	
Computer fees		-		-		17,579		-		17,579		17,579		28,712	49,537	
Telephone		232		741		12,963		1,379		15,083		15,315		31,766	46,736	
Postage and shipping		2,620		17		4,094		1,452		5,563		8,183		70,020	66,114	
Travel		1,590		-		1,053		20,369		21,422		23,012		122,647	153,931	
Dues, awards and grants		3,808		-		195		1,500		1,695		5,503		25,407	30,331	
Subgrants and awards		-		-		-		-		-		-		35,000	30,000	
Subscriptions and conferences		3,956		30		52		2,868		2,950		6,906		38,227	40,987	
Office supplies and equipment		24		1,133		17,848		65		19,046		19,070		22,613	34,843	
Other		24,498		320		7,802		399		8,521		33,019		38,628	43,099	
Promotional expense		754		-		-		844		844		1,598		21,183	19,704	
Rent		406		-		-		-		-		406		36,967	58,156	
Utilities, repairs, maintenance																
and depreciation		-		199,558		18,064		90		217,712		217,712		237,073	251,616	
Business insurance		-		22,765		12,756		-		35,521		35,521		35,521	38,477	
Sales taxes and licenses		-		2,472		1,280		-		3,752		3,752		3,967	4,254	
Interest and bank fees		-		-		2,314		-		2,314		2,314		2,314	2,438	
Occupancy costs		26,369		(158,802)		-		6,375		(152,427)		(126,058)		-		
Total Direct Expenses		225,777		158,801		458,509		72,260		689,570		915,347		3,039,029	3,837,480	
Indirect expense allocation		51,005				(458,509)		(72,260)		(530,769)		(479,764)			 	
TOTAL EXPENSES	\$	276,782	\$	158,801	\$		\$		\$	158,801	\$	435,583	\$	3,039,029	\$ 3,837,480	