



## **Financial Statements and Supplemental Information**

*For the Year Ended December 31, 2011*

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



**and  
Report Thereon**





# THE IZAAK WALTON LEAGUE OF AMERICA

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For the Year Ended December 31, 2011

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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, 2011, 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 2010 financial statements and, in our report dated July 27, 2011, 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, 2011, 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 financial statements as a whole. The supplemental schedule of functional expenses on pages 23 and 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other



additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Raffa, P.C.*

**RAFFA, P.C.**

Washington, DC

June 21, 2012



**THE IZAAK WALTON LEAGUE OF AMERICA**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2011**

**(With Summarized Financial Information as of December 31, 2010)**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 2,692,460	\$ 2,599,962
Grants receivable	225,886	171,721
Contributions and other receivables	79,053	90,061
Prepaid expenses	53,085	51,109
Inventory	-	3,532
	<u>3,050,484</u>	<u>2,916,385</u>
Total Current Assets		
Investments	1,575,277	1,554,833
Property and equipment, net	1,813,569	1,928,629
Interest in charitable remainder trust	<u>1,121,034</u>	<u>1,135,659</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,560,364</u></u>	<u><u>\$ 7,535,506</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 183,110	\$ 212,750
Accrued expenses	<u>110,309</u>	<u>120,335</u>
Total Current Liabilities	<u>293,419</u>	<u>333,085</u>
Security deposits	<u>10,670</u>	<u>15,950</u>
<b>TOTAL LIABILITIES</b>	<u>304,089</u>	<u>349,035</u>
Net Assets		
Unrestricted	3,317,689	3,253,798
Temporarily restricted	1,937,394	1,961,589
Permanently restricted	<u>2,001,192</u>	<u>1,971,084</u>
<b>TOTAL NET ASSETS</b>	<u>7,256,275</u>	<u>7,186,471</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 7,560,364</u></u>	<u><u>\$ 7,535,506</u></u>

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



**THE IZAAK WALTON LEAGUE OF AMERICA**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2011**

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
<b>REVENUE AND SUPPORT</b>					
Contributions and grants	\$ 545,248	\$ 1,052,183	\$ 18,324	\$ 1,615,755	\$ 1,854,826
Member contributions	576,093	564,860	26,409	1,167,362	1,204,984
Rental income	261,677	-	-	261,677	332,406
Interest income and fees, realized gains on sales of investments, net	83,285	-	-	83,285	51,700
Change in value of interest in charitable remainder trust	-	-	(14,625)	(14,625)	17,810
Sales of sundries	17,627	-	-	17,627	20,198
Registration fees	13,194	-	-	13,194	3,900
Other	8,686	-	-	8,686	21,294
Reclassification due to donor-imposed restriction	(75,000)	75,000	-	-	-
Net assets released from restrictions:					
Satisfaction of purpose restriction	1,119,429	(1,119,429)	-	-	-
Satisfaction of time restriction	596,809	(596,809)	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>3,147,048</b>	<b>(24,195)</b>	<b>30,108</b>	<b>3,152,961</b>	<b>3,507,118</b>
<b>EXPENSES</b>					
Program services	2,139,910	-	-	2,139,910	2,123,682
Supporting Services:					
Management and general	692,531	-	-	692,531	704,983
Fundraising	195,250	-	-	195,250	225,777
<b>Total Supporting Services</b>	<b>887,781</b>	<b>-</b>	<b>-</b>	<b>887,781</b>	<b>930,760</b>
<b>TOTAL EXPENSES</b>	<b>3,027,691</b>	<b>-</b>	<b>-</b>	<b>3,027,691</b>	<b>3,054,442</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>119,357</b>	<b>(24,195)</b>	<b>30,108</b>	<b>125,270</b>	<b>452,676</b>
Nonoperating Activities:					
Unrealized gains (losses) on investments, net	(55,466)	-	-	(55,466)	108,117
<b>CHANGE IN NET ASSETS</b>	<b>63,891</b>	<b>(24,195)</b>	<b>30,108</b>	<b>69,804</b>	<b>560,793</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,253,798</b>	<b>1,961,589</b>	<b>1,971,084</b>	<b>7,186,471</b>	<b>6,625,678</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,317,689</b>	<b>\$ 1,937,394</b>	<b>\$ 2,001,192</b>	<b>\$ 7,256,275</b>	<b>\$ 7,186,471</b>

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



# THE IZAAK WALTON LEAGUE OF AMERICA

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2011

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

Increase (Decrease) in Cash and Cash Equivalents

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 69,804	\$ 560,793
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	129,176	130,961
Unrealized and realized losses (gains) on sales of investments, net	29,643	(105,776)
Change in value of interest in charitable remainder trust	14,625	(17,810)
Changes in assets and liabilities:		
Decrease (increase) in:		
Grants receivable	(54,165)	309,507
Contributions and other receivables	11,008	(56,277)
Prepaid expenses	(1,976)	16,133
Inventory	3,532	-
Increase (decrease) in:		
Accounts payable	(29,640)	39,341
Accrued expenses	(10,026)	(18,905)
Due to Wind on the Wires	-	(431,942)
Security deposits	(5,280)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	156,701	426,025
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(14,116)	(8,164)
Purchases of investments	(260,646)	(1,556,600)
Proceeds from sale and maturity of investments	210,559	1,519,093
NET CASH USED IN INVESTING ACTIVITIES	(64,203)	(45,671)
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,498	380,354
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,599,962	2,219,608
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,692,460	\$ 2,599,962

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



# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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### 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. These activities are funded primarily through contributions and grants.

IWLA's work is guided by grassroots volunteers. Its more than 250 local chapters and state divisions advance the IWLA's mission 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.

IWLA'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 – 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 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 promote the use of renewable energy sources.

*Water:* For more than 40 years, IWLA's Save Our Streams program has provided educational 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.



# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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

**Organization (continued)**

*Sustainability Education:* 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 IWLA's 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, IWLA's staff works with the media to keep the public informed about IWLA's work on national, regional, and local conservation issues and projects.

*Chapter Relations and Membership:* At the heart of IWLA are more than 250 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 conservational and educational missions. IWLA supports chapters and divisions through member recognition and award programs, membership renewal services, communication tools, membership marketing materials and other publications, and workshops.

***Regional Conservation:***

*Boundary Waters:* IWLA advocates 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 and to support adequate funding for state and federal land management agencies.

*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.

Continued



# **THE IZAAK WALTON LEAGUE OF AMERICA**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2011**

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

**Organization (continued)**

***Regional Conservation (continued):***

*Upper Mississippi River:* IWLA is working to reduce the agricultural impact 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 the 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 their original invoice amount, 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 considered to be past due if any portion of the receivable's 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 that no provision for doubtful accounts is necessary.

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# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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

### **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 whether inventory is obsolete by annually examining inventory for slow-moving items or items that are no longer sold. Inventory is written off when it is deemed obsolete.

### **Property and Equipment Related Depreciation and Amortization**

Furniture and equipment are recorded at cost. Expenditures for major additions, renewals and improvements are capitalized; expenditures for minor repairs and maintenance are expensed when incurred. Upon the retirement or disposal of the 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. Leasehold improvements are amortized using the straight-line method over the lesser of the lease term or their estimated useful lives.

The estimated useful lives for property and equipment are as follows:

<u>Categories</u>	<u>Estimated Useful Lives</u>
Building and improvements	30 years
Furniture and equipment	3-12 years

### **Impairment of Long-Lived Assets**

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Certification (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, 2011, IWLA has not recognized an impairment loss.

### **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

Continued



# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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

#### **Investments (continued)**

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**

FASB ASC Topic 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The 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 ASC 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 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.

As of December 31, 2011, IWLA's assets that are measured at fair value on a recurring basis are described in Note 4 of these financial statements.

#### **Net Assets**

IWLA's net assets are classified as follows:

- Unrestricted net assets represent funds that are available for support of IWLA's operations.

Continued



# **THE IZAAK WALTON LEAGUE OF AMERICA**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2011**

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

#### **Net Assets (continued)**

IWLA's net assets are classified as follows:

- 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 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 a 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 their 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.

Conditional promises to give are not included as revenue until such time as the conditions are substantially met.

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

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

#### **Bequests**

IWLA recognizes bequests in the year in which 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.



# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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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, 2011:

Equity mutual funds	\$ 932,981
Fixed-income mutual funds	<u>642,296</u>
Total	<u>\$ 1,575,277</u>

Investment income consisted of the following for the year ended December 31, 2011:

Interest and dividends	\$ 57,462
Realized gains on sale of investments, net	25,823
Unrealized losses on investments, net	(55,466)
Investment fees	<u>(15,856)</u>
Total	<u>\$ 11,963</u>

Continued



# **THE IZAAK WALTON LEAGUE OF AMERICA**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2011**

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2. Investments (continued)

Investment fees were included in management and general expenses in the accompanying financial statements.

3. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2011:

Building and improvements	\$ 3,481,180
Furniture and equipment	458,606
Land	239,271
Donated artwork	<u>8,330</u>
Total Property and Equipment	4,187,387
Less: Accumulated Depreciation and Amortization	<u>(2,373,818)</u>
Property and Equipment, Net	<u>\$ 1,813,569</u>

Depreciation and amortization expense was \$129,176 for the year ended December 31, 2011.



# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

### 4. Fair Value Measurements

The following table summarizes IWLA's assets measured at fair value on a recurring basis as of December 31, 2011, aggregated by the fair value hierarchy level with which those measurements were made:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Interest in charitable remainder trust	\$ 1,121,034	\$ -	\$ -	\$ 1,121,034
Fixed-income mutual funds:				
Government bonds	488,720	488,720	-	-
High-yield bonds	153,576	153,576	-	-
Equity mutual funds:				
Large cap	578,363	578,363	-	-
International developed markets	145,421	145,421	-	-
Mid cap	74,066	74,066	-	-
Real estate	64,878	64,878	-	-
Small cap	14,940	14,940	-	-
Micro cap	40,148	40,148	-	-
International emerging markets	<u>15,165</u>	<u>15,165</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,696,311</u>	<u>\$ 1,575,277</u>	<u>\$ -</u>	<u>\$ 1,121,034</u>

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

*Mutual funds* – Are valued based on quoted prices in an active market.

*Interest in charitable remainder trust* – The expected future cash inflows from the interest in charitable remainder trust (the Trust) are based on the fair value of the investments, the future expected investment returns, and the donor's life expectancy 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 Trust's value is based on unobservable inputs and IWLA's own assumptions.

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# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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### 4. Fair Value Measurements (continued)

A roll forward of the fair value measurements of IWLA's assets that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows for the year ended December 31, 2011:

Interest in charitable remainder trust, beginning of year	\$ 1,135,659
Change in value of interest in charitable remainder trust	<u>(14,625)</u>
Interest in Charitable Remainder Trust, End of Year	<u>\$ 1,121,034</u>

### 5. Concentration of Credit Risk

IWLA maintains its cash and cash equivalents with a certain 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, 2011, IWLA had approximately \$1,362,000 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 approximately \$1,100,000. 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 yearly payments to the grantors for the duration of the Trust's term (the grantors' lifetimes). 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 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, 2011, using a 7.8% discount rate, the present value of the Trust is \$1,121,034, based on the life expectancies and an expected rate of return of 5.0% and growth rate of 3.0%. The fair market value of the Trust's assets was \$2,377,763 at December 31, 2011.

### 7. Endowment Funds

#### **Interpretation of Relevant Law**

IWLA's Board of Directors 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

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# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

### 7. Endowment Funds (continued)

#### **Interpretation of Relevant Law (continued)**

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.

IWLA had the following endowment-related activities for the year ended December 31, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 550,000	\$ -	\$ 1,971,084	\$ 2,521,084
Investment returns:				
Interest and dividends	31,494	-	-	31,494
Net gains on long- term investments	(24,938)	-	-	(24,938)
Contributions	-	-	18,324	18,324
Life membership dues	-	-	26,409	26,409
Change in value of interest in charitable remainder trust	-	-	(14,625)	(14,625)
Appropriations	<u>(6,556)</u>	<u>-</u>	<u>-</u>	<u>(6,556)</u>
Endowment Net Assets, End of Year	<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ 2,001,192</u>	<u>\$ 2,551,192</u>

Continued



# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

### 7. Endowment Funds (continued)

As of December 31, 2011, the endowment net asset composition by type of fund is as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 2,001,192	\$ 2,001,192
Board-designated endowment funds	<u>550,000</u>	<u>-</u>	<u>550,000</u>
Total Funds	<u>\$ 550,000</u>	<u>\$ 2,001,192</u>	<u>\$ 2,551,192</u>

### 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

\$ 2,001,192

Total Endowment Funds Classified as Permanently  
Restricted Net Assets

\$ 2,001,192

Permanently restricted net assets are as follows at December 31, 2011:

Charitable remainder trust	\$ 1,121,034
Life membership dues	496,401
Trust contributions	<u>383,757</u>
Total	<u>\$ 2,001,192</u>

### 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, 2011.

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

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 equity and fixed-income mutual funds.

Continued



# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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7. Endowment Funds (continued)

**Spending Policy and How the Investment Objectives Relate to the 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 of Directors.

*Cordova fund* – This fund was established by the Board of Directors, 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 10, Legal Settlement).

Unrestricted net assets are as follows at December 31, 2011:

Undesignated:	
Operating	\$ 954,120
Property and equipment, net	1,813,569
Board designated:	
Maintenance and depreciation	250,000
Cordova fund	<u>300,000</u>
Total	<u>\$ 3,317,689</u>

Continued



# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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### 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are as follows at December 31, 2011:

Program restrictions:	
Energy	\$ 653,220
Agriculture	460,271
Sustainability Education	61,171
Missouri River Initiative	80,449
Water	85,525
Youth Convention	10,863
Outdoor Ethics	3,147
Chapter Relations	4,426
Others	13,462
Time restrictions:	
General operations	<u>564,860</u>
Total	<u>\$ 1,937,394</u>

### 10. Legal Settlement

IWLA's national headquarters, in conjunction with two of IWLA's divisions and three of IWLA's chapters as plaintiffs, were parties to a legal settlement dated March 27, 1972, which was amended on 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 through 2012. An agreement between IWLA and the defendants was entered into to continue the cooperative relationship to protect the Mississippi River's natural resources. As a result of the agreement, IWLA will continue to receive annual payments through 2012. The receipts are applied to an environmental fund that was created and administered by IWLA. The primary purpose of the fund is to develop and administer environmental programs. The most recent payment under this agreement was received during the year ended December 31, 2011, and is included in unrestricted contributions and grants. During 2011, \$75,000 was reclassified to temporarily restricted contributions, due to another donor's imposed restrictions.

### 11. Conditional Promises to Give

IWLA received a conditional promise to give for \$180,000 that is due to be received over a three-year period. Payments are subject to annual renewal by the budgetary authorities controlling the state agencies' appropriations and are on an as-funds-allow basis.

Continued



# THE IZAAK WALTON LEAGUE OF AMERICA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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11. Conditional Promises to Give (continued)

Consequently, this conditional promise to give is recorded as support as those conditions are met. During the year ended December 31, 2011, IWLA recognized \$60,000 of revenue upon satisfaction of the conditions. As of December 31, 2011, \$120,000 of the total conditional promise to give had been received from the donor.

12. Retirement Plan

IWLA sponsors a defined-contribution pension plan that covers substantially all of its employees. To qualify for employer contributions, employees must have completed at least 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. The total pension expense was \$21,342 for the year ended December 31, 2011.

13. Leases

IWLA has a noncancelable operating lease agreement for the Midwest Division's office space. The noncancelable operating lease agreement is scheduled to expire on June 30, 2013. 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.

Future minimum lease payments on the Midwest Division's lease, subject to cost-of-living adjustments, are as follows as of December 31, 2011:

For the Year Ending <u>December 31,</u>	
2012	\$ 34,434
2013	<u>17,346</u>
Total	<u>\$ 51,780</u>

Rent expense was \$33,918 for the year ended December 31, 2011.

IWLA subleases space at its headquarters to four tenants. Two of the subleases which had original five year terms expired in 2011 and thereafter are on a month-to-month basis. The other two subleases were scheduled to expire in April 2012 and May 2012, but were amended in 2012 prior to their expiration to extend the subleases through June 2012 and May 2014, respectively. Rental income was \$261,677 for the year ended December 31, 2011. The future gross minimum rental income under the agreements as of December 31, 2011 is approximately \$29,000, not including the lease extensions made after the end of fiscal year 2011.

Continued



# **THE IZAAK WALTON LEAGUE OF AMERICA**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2011**

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### **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 that 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, 2011.

IWLA follows 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, 2011, 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, 2011, the statute of limitations for tax years 2008 through 2010 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, 2011, IWLA had no accruals for interest and/or penalties.

### **15. Summarized Financial Information**

The financial statements include certain summarized comparative information, as of and for the year ended December 31, 2011, in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with IWLA's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

### **16. Reclassification**

Certain 2010 amounts have been reclassified to conform to the 2011 presentation.



**THE IZAAK WALTON LEAGUE OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2011**

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17. Subsequent Events

In preparing these financial statements, IWLA has evaluated events and transactions for potential recognition or disclosure through June 21, 2012, the date the financial statements were available to be issued.

On April 7 and May 22, 2012, IWLA entered into amendments of the sublease agreements to extend the periods of its two subleases through June 2012 and May 2014, respectively.



## **SUPPLEMENTAL INFORMATION**



**THE IZAAK WALTON LEAGUE OF AMERICA**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2011**

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

	Program Services										
	General Conservation	Membership	Chapter Relations	Communications and Media	<i>Outdoor America</i>	Youth Convention	Water	Sustainability Education	Agriculture	Missouri River Initiative	Energy
Payroll expenses	\$ 157,786	\$ 91,716	\$ 84,328	\$ 39,881	\$ 23,645	\$ 18,410	\$ 52,989	\$ 46,413	\$ 79,764	\$ 40,979	\$ 171,658
Fringe benefits	61,654	35,837	32,950	15,583	9,239	7,194	20,703	18,139	31,167	16,012	67,074
Total Salaries and Benefits	219,440	127,553	117,278	55,464	32,884	25,604	73,692	64,552	110,931	56,991	238,732
Professional fees	4,640	34,682	15,007	1,571	31,103	500	66,871	2,750	14,681	200	51,639
Utilities, repairs, maintenance and depreciation	-	20,295	-	-	-	-	-	-	-	-	-
Printing	8,290	45,584	30,591	29	52,518	1,178	243	118	142	222	658
Subgrants and awards	-	-	5,000	-	-	-	-	-	-	-	133,000
Travel	12,191	3,448	3,868	865	1,166	8,691	10,263	5,352	25,162	13,550	10,535
Postage and shipping	4,549	17,937	6,896	53	26,751	750	1,389	91	282	59	223
Subscriptions and conferences	7,185	365	602	-	130	8,211	2,150	1,292	11,130	998	3,810
Other	5	55	137	76	-	1,058	7,559	3,158	206	1,261	1,418
Business insurance	-	-	-	-	-	-	-	-	-	-	-
Occupancy costs	-	-	-	-	-	-	-	-	5,257	-	19,920
Computer fees	741	1,355	418	1,182	34	196	531	273	632	-	1,857
Telephone	2,688	619	228	16	23	20	665	638	1,713	1,853	3,327
Dues, awards and grants	5,939	265	3,840	3,308	328	-	-	2,000	2,238	1,789	3,295
Advertising	-	11,975	3,470	-	-	274	3,532	-	-	75	-
Office supplies and equipment	92	1,316	569	4	-	194	12	142	281	11	1,270
Interest and bank fees	-	-	-	-	-	-	-	-	-	-	-
Sales taxes and licenses	30	-	-	-	-	-	-	30	-	-	-
Advertising	-	1,285	-	-	-	-	-	-	60	-	-
List rental	44	-	-	749	-	-	-	-	-	-	-
Occupancy costs	40,206	23,370	21,486	10,162	6,025	4,692	13,499	11,827	-	-	-
Total Direct Expenses	306,040	290,104	209,390	73,479	150,962	51,368	180,406	92,223	172,715	77,009	469,684
Indirect expense allocation	69,747	66,116	47,722	16,746	34,405	11,707	41,115	21,017	39,362	17,551	107,043
TOTAL EXPENSES	<u>\$ 375,787</u>	<u>\$ 356,220</u>	<u>\$ 257,112</u>	<u>\$ 90,225</u>	<u>\$ 185,367</u>	<u>\$ 63,075</u>	<u>\$ 221,521</u>	<u>\$ 113,240</u>	<u>\$ 212,077</u>	<u>\$ 94,560</u>	<u>\$ 576,727</u>



**THE IZAAK WALTON LEAGUE OF AMERICA**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2011**

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

	Program Services (continued)			Supporting Services							
				Management and General							
	Midwest Office	Wilderness and Public Lands	Total Programs	Building Expenses	Management and General	Executive Board	Total Management and General	Fundraising	Total Supporting Services	2011 Total	2010 Total
Payroll expenses	\$ 4,289	\$ 31,076	\$ 842,934	\$ 52,520	\$ 177,922	\$ 20,633	\$ 251,075	\$ 93,459	\$ 344,534	\$ 1,187,468	\$ 1,299,209
Fringe benefits	1,675	12,143	329,370	20,522	69,522	8,062	98,106	36,518	134,624	463,994	524,235
Total Salaries and Benefits	5,964	43,219	1,172,304	73,042	247,444	28,695	349,181	129,977	479,158	1,651,462	1,823,444
Professional fees	-	-	223,644	18,700	108,978	80	127,758	8,339	136,097	359,741	327,603
Utilities, repairs, maintenance and depreciation	11	-	20,306	203,210	17,281	-	220,491	-	220,491	240,797	237,073
Printing	461	34	140,068	27	(623)	1,818	1,222	7,896	9,118	149,186	134,923
Subgrants and awards	-	-	138,000	-	-	-	-	-	-	138,000	35,000
Travel	2,264	1,095	98,450	-	684	7,833	8,517	6,573	15,090	113,540	122,647
Postage and shipping	349	9	59,338	34	5,810	830	6,674	3,369	10,043	69,381	70,020
Subscriptions and conferences	557	481	36,911	90	190	12,575	12,855	7,038	19,893	56,804	38,227
Other	-	-	14,933	-	18,800	1,915	20,715	-	20,715	35,648	38,628
Business insurance	-	-	-	22,018	12,754	-	34,772	-	34,772	34,772	35,521
Occupancy costs	5,813	2,928	33,918	-	-	-	-	-	-	33,918	36,967
Computer fees	711	527	8,457	-	20,095	-	20,095	810	20,905	29,362	28,712
Telephone	676	432	12,898	563	13,262	1,062	14,887	347	15,234	28,132	31,766
Dues, awards and grants	255	-	23,257	-	205	-	205	3,972	4,177	27,434	25,407
Advertising	-	-	19,326	-	-	710	710	822	1,532	20,858	21,183
Office supplies and equipment	692	52	4,635	826	5,030	163	6,019	272	6,291	10,926	22,613
Interest and bank fees	-	-	-	-	19,762	-	19,762	-	19,762	19,762	17,727
Sales taxes and licenses	-	-	60	2,168	1,522	-	3,690	-	3,690	3,750	3,967
Advertising	-	-	1,345	-	60	-	60	2,020	2,080	3,425	3,014
List rental	-	-	793	-	-	-	-	-	-	793	-
Occupancy costs	-	-	131,267	(160,339)	-	5,257	(155,082)	23,815	(131,267)	-	-
Total Direct Expenses	17,753	48,777	2,139,910	160,339	471,254	60,938	692,531	195,250	887,781	3,027,691	3,054,442
Indirect expense allocation	4,046	11,116	487,693	-	(471,254)	(60,938)	(532,192)	44,499	(487,693)	-	-
TOTAL EXPENSES	\$ 21,799	\$ 59,893	\$ 2,627,603	\$ 160,339	\$ -	\$ -	\$ 160,339	\$ 239,749	\$ 400,088	\$ 3,027,691	\$ 3,054,442