

**LEAGUE TO SAVE LAKE TAHOE**  
**(A NONPROFIT PUBLIC BENEFIT CORPORATION)**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021)**

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
NOTES TO FINANCIAL STATEMENTS .....	7-17

**INDEPENDENT AUDITOR'S REPORT**

September 15, 2023

Board of Directors  
League to Save Lake Tahoe  
South Lake Tahoe, California

**Opinion**

I have audited the accompanying financial statements of League to Save Lake Tahoe (a nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of League to Save Lake Tahoe as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of League to Save Lake Tahoe and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about League to Save Lake Tahoe's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of League to Save Lake Tahoe's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about League to Save Lake Tahoe's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

#### **Report on Summarized Comparative Information**

I have previously audited League to Save Lake Tahoe's 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated October 14, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Healy and Associates  
Concord, California

**LEAGUE TO SAVE LAKE TAHOE**

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)

	December 31	
	2022	2021
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,039,384	\$ 950,733
Short-term investments	5,503,412	5,107,736
Contributions receivable	74,500	57,730
Merchandise inventory	90,884	106,543
Prepaid expenses	74,059	64,024
TOTAL CURRENT ASSETS	6,782,239	6,286,766
Asset held for sale	523,845	-
Endowment and investment assets held by third party	1,599,551	1,927,017
Property and equipment, net	1,874,821	1,894,973
Intangible assets, net	58,050	30,000
TOTAL ASSETS	<u>\$ 10,838,506</u>	<u>\$ 10,138,756</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 387,669	\$ 216,112
TOTAL CURRENT LIABILITIES	<u>387,669</u>	<u>216,112</u>
COMMITMENTS		
<b><u>NET ASSETS</u></b>		
Without donor restrictions:		
General	2,568,545	2,784,134
Board designated	6,023,500	6,023,500
With donor restrictions	1,858,792	1,115,010
TOTAL NET ASSETS	<u>10,450,837</u>	<u>9,922,644</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,838,506</u>	<u>\$ 10,138,756</u>

SEE NOTES TO FINANCIAL STATEMENTS

**LEAGUE TO SAVE LAKE TAHOE**  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	Without Donor Restrictions			With	Total	
	Operating	Property	Board Designated	Donor	Year Ended December 31	
	Fund	Fund	Funds	Restrictions	2022	2021
<b><u>SUPPORT AND REVENUE</u></b>						
Contributions	\$ 1,747,712	\$ -	\$ -	\$ 986,345	\$ 2,734,057	\$ 2,658,113
Gain on PPP loan(s) forgiveness	-	-	-	-	-	421,058
Education center sales						
Sales	141,138					
Cost of goods sold	(65,106)					
Net sales	76,032	-	-	-	76,032	89,127
Special event						
Gross income	1,243,602					
Event expenses	(211,030)					
Net special event income	1,032,572	-	-	-	1,032,572	747,942
Investment income (loss), net	(341,428)	-	-	-	(341,428)	170,413
In-kind revenue	350,846	-	-	-	350,846	211,178
Other income	5,666	-	-	-	5,666	39,175
Allocation to designated funds	(31,368)	31,368	-	-	-	-
Net assets released from restriction	242,563	-	-	(242,563)	-	-
Total Support and Revenue	3,082,595	31,368	-	743,782	3,857,745	4,337,006
<b><u>EXPENSES</u></b>						
Program	2,228,932	37,094	-	-	2,266,026	1,819,314
General and administrative	180,536	4,122	-	-	184,658	204,282
Fundraising	517,718	10,304	-	-	528,022	446,329
In-kind	350,846	-	-	-	350,846	211,178
Total Expenses	3,278,032	51,520	-	-	3,329,552	2,681,103
Change in net assets	(195,437)	(20,152)	-	743,782	528,193	1,655,903
NET ASSETS, beginning of year	889,161	1,894,973	6,023,500	1,115,010	9,922,644	8,266,741
NET ASSETS, end of year	\$ 693,724	\$ 1,874,821	\$ 6,023,500	\$ 1,858,792	\$ 10,450,837	\$ 9,922,644

**LEAGUE TO SAVE LAKE TAHOE**

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	Program	General and Administrative	Fundraising	In-Kind	Total	
					2022	2021
Salaries and benefits	\$ 1,305,184	\$ 140,491	\$ 370,675	\$ -	\$ 1,816,350	\$ 1,596,507
Special projects and events	188,016	-	211,031	-	399,047	351,452
Operating and office expenses	220,797	26,623	106,402	-	353,822	414,042
In-kind expenses	-	-	-	350,846	350,846	211,178
Professional services	171,851	11,593	36,083	-	219,527	160,612
Communication and advocacy expenses	187,113	-	-	-	187,113	44,000
Education, engagement, and collaboration	139,368	-	-	-	139,368	42,088
Depreciation and amortization	37,094	4,122	10,304	-	51,520	46,037
Cost of education center sales	65,106	-	-	-	65,106	42,822
Travel	16,603	1,829	4,558	-	22,990	12,246
	2,331,132	184,658	739,053	350,846	3,605,689	2,920,984
Less: expenses included with revenues on the statement of activities:						
Special event expenses	-	-	(211,031)	-	(211,031)	(197,059)
Cost of goods sold	(65,106)	-	-	-	(65,106)	(42,822)
Total expenses included in the expense section of the statement of activities	<u>\$ 2,266,026</u>	<u>\$ 184,658</u>	<u>\$ 528,022</u>	<u>\$ 350,846</u>	<u>\$ 3,329,552</u>	<u>\$ 2,681,103</u>

**LEAGUE TO SAVE LAKE TAHOE**

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	Total	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 528,193	\$1,655,903
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	51,520	46,037
Unrealized gain/(loss) on investments	396,478	(117,358)
Gain on forgiveness of PPP loans	-	(421,058)
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
Contributions receivable	(16,770)	135,002
Prepaid expenses	(10,035)	2,996
Inventory	15,659	(3,804)
Accounts payable and accrued expenses	171,557	67,079
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,136,602	1,364,797
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in asset held for sale	(523,845)	-
Increase in investments	(395,676)	(786,032)
Increase in endowment assets held by others	(69,012)	(51,694)
Purchase and acquisition of fixed assets	(24,918)	(263,978)
Purchase and acquisition of intangible assets	(34,500)	(30,000)
NET CASH USED BY INVESTING ACTIVITIES	(1,047,951)	(1,131,704)
CASH FLOWS FROM FINANCING ACTIVITIES:		
PPP proceeds	-	194,681
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	194,681
NET INCREASE IN CASH AND CASH EQUIVALENTS	88,651	427,774
CASH AND CASH EQUIVALENTS, beginning of year	950,733	522,959
CASH AND CASH EQUIVALENTS, end of year	\$ 1,039,384	\$ 950,733

SEE NOTES TO FINANCIAL STATEMENTS



## LEAGUE TO SAVE LAKE TAHOE

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

---

#### NOTE A – ORGANIZATION

League to Save Lake Tahoe (League) is a nonprofit public benefit corporation. The League was formed in 1957 to preserve the environmental balance, scenic beauty, and recreational opportunities of the Lake Tahoe Basin. The League is supported primarily by contributions.

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Accounting Method and Basis of Presentation

The accounting records of the League are maintained on the accrual basis of accounting. The financial statements of the League have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the League to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the League. These net assets may be used at the discretion of the League's management and the Board of Directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

##### Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates and those differences could be material.

## LEAGUE TO SAVE LAKE TAHOE

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

---

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

##### Fair Value Measurements

The League's financial instruments include cash, cash equivalents, and investments. measured using Level 1 and Level 2 (See Note C).

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The League groups assets at fair value in three levels, based on the markets in which the assets are traded, and the reliability of the assumptions used to determine fair value. These levels are:

**Level 1**— Quoted prices for identical assets in active markets.

**Level 2**—Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

**Level 3**— Unobservable inputs that cannot be corroborated by observable market data.

##### Contributions Receivable

Contributions receivable (unconditional promises to give) are recorded at net realizable value consisting of the carrying amount less an allowance for doubtful accounts. The League evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2022.

## **LEAGUE TO SAVE LAKE TAHOE**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

---

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Inventories**

Inventory is comprised of program-related merchandise held for sale and is stated at the lower of cost or market determined by the first-in first-out method. Management performs periodic assessments to determine the existence of obsolete, slow moving, and non-salable inventories, and records necessary provisions to reduce such inventories to net realizable value. Management has no allowance for inventory obsolescence.

##### **Property and equipment**

Fixed asset additions of \$5,000 or greater are recorded at cost, or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which ranges from 3 to 30 years. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities.

The League had a building listed as held for sale as of December 31, 2022, in the accompanying statement of financial position. The building was sold subsequent to year end and is expected to close escrow in early October 2023.

##### **Donated Facilities Use, Supplies, Auction Items and Services (In-kind)**

The League records donated facilities use, supplies, and auction items or services at their estimated fair value on the date of receipt, if they meet the criteria for recognition. In-kind revenue and expense are \$350,846 (\$283,353 for goods, \$66,993 in services, and \$500 for facilities use), for the year ended December 31, 2022, as reflected in the accompanying statement of activities and statement of functional expenses.

##### **Concentration of Credit**

Financial instruments that potentially subject the League to concentrations of credit risk consist principally of cash and cash equivalents and investments. From time to time, the League may maintain cash and cash equivalent accounts exceeding federally insured limits. The League's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The League has not experienced, nor does it anticipate, any losses with respect to such accounts. At December 31, 2022 and 2021, the League had \$726,865 and \$347,912 in excess of federally insured limits, respectively.

The League received approximately 27% of its revenue (not including in-kind revenue) in 2022 from their annual fundraiser. The loss of this event could have an impact on the League's future operations.

## **LEAGUE TO SAVE LAKE TAHOE**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

---

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Contributions and Revenue**

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

Revenue is recognized from Education Center sales when items are sold and/or shipped and the right of ownership has passed to the recipient.

##### **Functional Allocation of Expenses**

The costs of program activities and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the program, supporting services, and fundraising benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the League. Such expenses have been allocated among the various functions benefited based on employee time spent in the functional area.

##### **Federal and State Taxes on Income**

League to Save Lake Tahoe is exempt from income tax under IRC section 501(c)(3) and Section 23701(d) of the State of California Revenue and Taxation Code. The League is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The League has no unrelated business income, and management has analyzed tax positions taken and has concluded that there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

## LEAGUE TO SAVE LAKE TAHOE

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

---

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Newly Adopted Accounting Principles

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right of use asset for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The League adopted the standard on January 1, 2022. The League elected the 'package of practical expedients', which permitted the League not to reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs; and all of the new standard's available transition practical expedients. In addition, the League adopted the practical expedients of using the risk-free interest rate and the short-term lease definition. The adoption of the standard resulted in no change to the League's financial statements.

##### Comparative Financial Information and Reclassifications

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2021, from which the summarized information was derived.

#### NOTE C – INVESTMENTS

Investment and endowment activity for the year ended December 31, 2022 is as follows:

Investments, beginning of year	\$7,034,753
Realized loss	(16,288)
Distributions	(48,885)
Securities received	458,523
Unrealized gain (loss)	(396,478)
Interest and realized earnings	89,292
Fees	(17,954)
Investments, end of year	<u>\$7,102,963</u>

**LEAGUE TO SAVE LAKE TAHOE****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

**NOTE C – INVESTMENTS (Continued)**

The composition and fair value of cash and investments held in investment accounts at December 31, 2022 is as follows:

	Fair Value Measurements Using:		Total
	Level 1	Level 2	
<b><u>Without Restrictions</u></b>			
<b><u>Short Term Investments</u></b>			
Cash held in investment accounts	\$ 3,828,696	\$ -	\$3,828,696
Certificates of Deposit	-	1,175,629	1,175,629
Mutual funds	499,087	-	499,087
<b><u>Long Term Investments</u></b>			
Investments held by community foundations	-	1,068,626	1,068,626
<b>Total Without Restrictions</b>	<u>4,327,783</u>	<u>2,244,255</u>	<u>6,572,038</u>
<b><u>With Restrictions</u></b>			
<b><u>Permanently Restricted:</u></b>			
<b><u>Long Term Investments</u></b>			
Investments held by community foundations	-	530,925	530,925
<b>Total With Restrictions</b>	-	530,925	530,925
<b>Total Investments</b>	<u>\$ 4,327,783</u>	<u>\$2,775,180</u>	<u>\$7,102,963</u>

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment at December 31 consisted of the following:

	2022	2021
Land	\$ 323,400	\$ 530,400
Building and improvements	804,181	1,365,451
Furniture, fixtures, and equipment	24,094	24,094
Construction in progress	830,708	263,978
Less: accumulated depreciation	(107,562)	(288,950)
	<u>\$ 1,874,821</u>	<u>\$ 1,894,973</u>

Depreciation expense for the years ended December 31, 2022 and 2021 is \$45,070 and \$46,037, respectively. The League is renovating a property which will be the future home of the League. During the year ended December 31, 2022, the League listed property for sale and moved the building, net of depreciation, to asset held for sale in the accompanying statement of financial position. At December 31, 2022, the value of the asset held for sale was \$523,845. Subsequent to year end, the League sold their building and is expecting to close escrow in early October 2023.

**LEAGUE TO SAVE LAKE TAHOE****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

---

**NOTE E – INTANGIBLE ASSETS**

Intangible assets at December 31 consisted of the following:

	<u>2022</u>	<u>2021</u>
Website redevelopment	\$ 64,500	\$ 30,000
Less: accumulated amortization	<u>(6,450)</u>	<u>-</u>
	<u>\$ 58,050</u>	<u>\$ 30,000</u>

Amortization expense for the years ended December 31, 2022 and 2021 is \$6,450 and \$0, respectively.

**NOTE F – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$1,039,384
Investments	5,503,412
Contributions receivable	74,500
Financial instruments held by third party	<u>1,599,551</u>
	<u>8,216,847</u>
Less amounts not available to be used within one year:	
Designated funds established by the Board	(6,023,500)
Endowment funds	(530,925)
Net assets with purpose restrictions to be met in one year	<u>(1,327,867)</u>
	<u>(7,882,292)</u>
Total financial assets available for general expenditure	<u>\$ 334,555</u>

The League's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The League's board designated funds are \$6,023,500 at December 31, 2022. Although they do not intend to spend from this board designated endowment (other than amounts appropriated for general expenditure as part of their Board's annual budget approval and appropriation), these amounts could be made available if necessary. As part of the League's liquidity management plan, they invest cash in excess of daily requirements in investments with community foundations, CDs, and money market funds.

**LEAGUE TO SAVE LAKE TAHOE****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

**NOTE G – COMMITMENTS**

The League leases various office, storage spaces, and various office equipment under month-to-month agreements or short-term agreements which run through 2023. Rent and storage expense for the year ended December 31, 2022 was \$44,915. Future commitments with respect to these leases are as follows:

<u>Year Ended December 31</u>	
2023	\$ 30,593

**NOTE H – BOARD DESIGNATED NET ASSETS**

In an effort to set funds aside for potential future expenditures, the Board of Directors approved the designation of unrestricted net assets for various purposes. The purpose of the board designated funds for the year ended December 31, 2022 and 2021 is as follows:

<u>Purpose</u>	<u>12/31/21</u>	<u>12/31/22</u>
Building	\$ 1,881,000	\$ 1,881,000
Science	1,431,000	1,431,000
Policy and legal	478,500	478,500
Board quasi endowment	703,000	703,000
General operations	1,530,000	1,530,000
Total Board Designated Funds	<u>\$ 6,023,500</u>	<u>\$ 6,023,500</u>

**NOTE I – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2022 and 2021 consisted of the following:

<u>Restricted Purpose</u>	<u>Beginning Balance 12/31/21</u>	<u>Income and Contributions</u>	<u>Released from Restriction</u>	<u>Ending Balance 12/31/22</u>
Specific purpose	\$ 584,085	\$ 986,345	(\$ 242,563)	\$ 1,327,867
Permanent Endowment	530,925	-	-	530,925
Total	<u>\$1,115,010</u>	<u>\$ 986,345</u>	<u>(\$ 242,563)</u>	<u>\$ 1,858,792</u>



## LEAGUE TO SAVE LAKE TAHOE

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

---

#### NOTE J – ENDOWMENTS

The Board of Directors has determined it holds assets which meet the definition of endowment funds under the California Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). As a result of this interpretation, the corpus of funds subject to UPMIFA is classified as with donor restrictions. The corpus represents the fair value of the original gifts as of the gift date, and all subsequent gifts where the donor has indicated the gift be retained permanently. The value of assets in excess of original gifts in donor-restricted endowment funds are classified as net assets with donor restrictions until appropriated for expenditures by the League.

In Accordance with UPMIFA, the League considers the following factors in making a determination as to the appropriation of assets for expenditures:

- The duration and preservation of the fund
- The purposes of the League 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 the League
- The investment policies of the League

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The League has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022, there were no underwater endowment funds.

The composition of the endowment is as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Restricted in perpetuity:		
Heller and Lane Endowments	<u>\$ 530,925</u>	<u>\$ 530,925</u>

The *Lane Endowment* was established in 2004 with a gift of \$100,000. The *Heller Endowment* was established in 2005 with a donation of \$80,000. These endowed funds were established to further the charitable purposes of the League by providing general support to meet its operating needs, as determined by the League’s Board of Directors.

## **LEAGUE TO SAVE LAKE TAHOE**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

---

#### **NOTE J – ENDOWMENTS (Continued)**

The League has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations and programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a well-diversified (balanced) asset mix including both equity and debt securities. The intended result is to achieve a real (after inflation and expenses) total rate of return of 4%. The investment policy identifies acceptable levels of risk and rate of return objectives for the endowed funds. Currently, assets are invested in a manner that is intended to produce moderate income while assuming a low level of risk. The League expects the endowment funds, over time, to yield an average rate of return of that is consistent with market standards for its types of investment. Actual returns in any given year may vary.

The League uses an endowment spending formula to determine the maximum amount to spend from the endowment, including those endowments deemed to be underwater, each year. The League may spend up to 4% of the funds annually based on the fund's average fair market value, as averaged over the trailing 12 quarters.

To satisfy long-term rate of return objectives, the League relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The League targets a diversified assets allocation plan within prudent risk constraints. The Investment Committee of the Board of Directors reviews this plan at least annually.

The League has a policy of, at their option, appropriating for distribution each year 4% of the previous 4-year rolling average balance in the endowment fund. In establishing this policy, the League considered the long-term expected return on its endowment. Accordingly, over the long term, the League expects the current spending policy to allow its endowment to grow sufficiently and maintain the purchasing power of the endowment assets. This is consistent with their objective for growing the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

#### **NOTE K – EMPLOYEE BENEFITS**

Employees of the League are entitled to paid time off based on length of service and other factors. Employees gain a vested right to accumulated paid time off. The balance of paid time off at December 31, 2022 and 2021 is \$83,689 and \$56,539, respectively, and is reflected in the accompanying statement of financial position as accounts payable and accrued expenses.

**LEAGUE TO SAVE LAKE TAHOE****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)**

---

**NOTE K – EMPLOYEE BENEFITS (Continued)**

During the year ended December 31, 2016, a Simple IRA plan was instituted. The plan allows employees to participate after two years of service and matches deferrals up to 3% of their salary. Employer contributions for matching is \$26,179 and \$24,587 for the years ended December 31, 2022 and 2021, respectively.

**NOTE L – IN-KIND DONATIONS**

For the year ended December 31, 2022, donations of goods, services, and use of facilities were received as follows:

<u>Category</u>	<u>Valuation Technique</u>	<u>Total Received</u>
Donated goods – fundraising benefit	FMV stated by donor	\$ 283,353
Donated services	FMV stated by donor	18,373
Use of facilities	FMV stated by donor	500
Donated volunteer hours	3,241.3 hrs @ \$15 per hr	48,620
Total in-kind donations		<u>\$ 350,846</u>

**NOTE M – SUBSEQUENT EVENTS**

Subsequent to year end, the League sold their building and is expecting to close escrow in early October 2023.

Management has evaluated subsequent events for recognition and disclosure through September 15, 2023, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2022, that required recognition or disclosure in the financial statements.