

LEAGUE TO SAVE LAKE TAHOE

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

LEAGUE TO SAVE LAKE TAHOE

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of League to Save Lake Tahoe, a nonprofit organization (the Organization), which comprise the statement of financial position as of December 31, 2024, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in its 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 the Organization'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

Our 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 our 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 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, we:

- 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 the Organization'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.



GILBERT CPAs
Sacramento, California

July 18, 2025

LEAGUE TO SAVE LAKE TAHOE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

ASSETS

CURRENT ASSETS:

| | |
|---|----------------|
| Cash and cash equivalents | \$ 479,363 |
| Investments | 3,484,792 |
| Contributions receivable, current portion | 555,039 |
| Inventory | 96,614 |
| Prepaid expenses and deposits | <u>158,782</u> |
| Total current assets | 4,774,590 |

NON-CURRENT ASSETS:

| | |
|---|------------------|
| Contributions receivable, net | 230,394 |
| Investments | 1,064,000 |
| Property and equipment, net | 6,289,851 |
| Intangible assets, net | 32,250 |
| Financing lease, right-of-use assets | 15,154 |
| Beneficial interest in assets held by community foundations | <u>1,833,531</u> |

TOTAL ASSETS \$ 14,239,770

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

| | |
|--|--------------|
| Accounts payable | \$ 506,967 |
| Accrued expenses | 229,569 |
| Financing lease liabilities, current portion | <u>3,537</u> |
| Total current liabilities | 740,073 |

NONCURRENT LIABILITIES:

| | |
|----------------------------------|----------------|
| Financing lease liabilities, net | <u>11,906</u> |
| Total liabilities | <u>751,979</u> |

NET ASSETS:

| | |
|----------------------------|-------------------|
| Without donor restrictions | 12,346,410 |
| With donor restrictions | <u>1,141,381</u> |
| Total net assets | <u>13,487,791</u> |

TOTAL LIABILITIES AND NET ASSETS \$ 14,239,770

LEAGUE TO SAVE LAKE TAHOE

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES, GAINS, AND SUPPORT:

| | |
|---|------------------|
| Contributions | \$ 2,135,455 |
| Special events, net of direct benefit to donors of \$243,865 | 1,186,970 |
| In-kind contributions | 329,712 |
| Education center sales, net of cost of goods sold of \$36,526 | 37,140 |
| Investment returns, net of fees | 374,781 |
| Other income | 2,114 |
| Net assets released from restrictions | <u>3,762,001</u> |
| Total revenues, gains, and support | <u>7,828,173</u> |

EXPENSES:

| | |
|----------------------------|------------------|
| Program services | |
| Core programs | 1,855,659 |
| Communications | 568,476 |
| Advocacy | <u>392,285</u> |
| Total program services | 2,816,420 |
| Supporting services: | |
| Fundraising | 1,017,988 |
| General and administrative | <u>507,608</u> |
| Total supporting services | <u>1,525,596</u> |
| Total expenses | <u>4,342,016</u> |

INCOME FROM OPERATIONS 3,486,157

| | |
|---|----------------|
| Gain on disposal of asset held for sale | 412,655 |
| Loss in disposal of intangible asset | <u>(5,650)</u> |

INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS 3,893,162

NET ASSETS WITH DONOR RESTRICTIONS:

| | |
|--|--------------------|
| Contributions | 1,747,378 |
| Investment returns, net of fees | 110,001 |
| Net assets released from restrictions | <u>(3,762,001)</u> |
| DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS | <u>(1,904,622)</u> |

INCREASE IN NET ASSETS 1,988,540

NET ASSETS, Beginning of Year, Restated (Note 3) 11,499,251

NET ASSETS, End of Year \$ 13,487,791

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

LEAGUE TO SAVE LAKE TAHOE

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2024

| | <u>Program services</u> | | | <u>Total program services</u> | <u>Supporting services</u> | | <u>Total</u> |
|-------------------------------|--------------------------|-----------------------------|-------------------|---------------------------------------|----------------------------|---------------------------------------|---------------------|
| | <u>Core programs</u> | <u>Communi- cations</u> | <u>Advocacy</u> | | <u>Fundraising</u> | <u>General and administrative</u> | |
| Salaries and benefits | \$ 1,226,800 | \$ 404,162 | \$ 225,071 | \$ 1,856,033 | \$ 469,528 | \$ 312,103 | \$ 2,637,664 |
| Professional services | 164,867 | 40,945 | 99,358 | 305,170 | 106,944 | 86,500 | 498,614 |
| Special projects and events | 176,847 | 43,538 | 34,699 | 255,084 | | 49,703 | 304,787 |
| Supplies | 10,751 | 6,077 | 77 | 16,905 | 206,412 | 6,585 | 229,902 |
| Computers and IT | 57,708 | 20,926 | 2,290 | 80,924 | 56,640 | 9,641 | 147,205 |
| Travel, meals, and meetings | 78,389 | 6,930 | 26,405 | 111,724 | 29,392 | 4,958 | 146,074 |
| Occupancy | 56,311 | 2,880 | | 59,191 | 15,278 | 17,754 | 92,223 |
| Depreciation and amortization | 41,868 | 12,900 | | 54,768 | 13,527 | 7,169 | 75,464 |
| Printing and postage | 8,720 | 3,891 | | 12,611 | 54,265 | 1,856 | 68,732 |
| Interest and bank charges | | 2,302 | | 2,302 | 44,220 | 18 | 46,540 |
| Insurance | 17,531 | 6,449 | 3,914 | 27,894 | 7,673 | 3,738 | 39,305 |
| Taxes, fees and licenses | 1,346 | 1,556 | | 2,902 | 11,392 | 7,568 | 21,862 |
| Other expenses | 14,521 | 15,920 | 471 | 30,912 | 2,717 | 15 | 33,644 |
| Total | \$ 1,855,659 | \$ 568,476 | \$ 392,285 | \$ 2,816,420 | \$ 1,017,988 | \$ 507,608 | \$ 4,342,016 |

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

LEAGUE TO SAVE LAKE TAHOE

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|----------------|
| Increase in net assets | \$ 1,988,540 |
| Reconciliation to net cash provided by operating activities: | |
| Depreciation and amortization | 75,464 |
| Receipt of donated investments | (51,151) |
| Net realized and unrealized gain on investments | (35,436) |
| Change in value of beneficial interests in assets held by community foundations | (217,789) |
| Net gain on disposal of asset held for sale | (412,655) |
| Loss on disposal of intangible asset | 5,650 |
| Changes in: | |
| Contributions receivable | (607,433) |
| Inventory | (13,934) |
| Prepaid expenses and deposits | (71,202) |
| Accounts payable | (286,490) |
| Accrued expenses | 29,549 |
| Net cash provided by operating activities | <u>403,113</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|------------------|
| Purchases of investments | (1,944,555) |
| Proceeds from sale of investments | 2,832,063 |
| Purchases of property and equipment | (2,244,646) |
| Proceeds from sale of asset held for sale | <u>936,500</u> |
| Net cash used by investing activities | <u>(420,638)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|---------------------------------------|----------------|
| Principal payments on financing lease | <u>(3,113)</u> |
|---------------------------------------|----------------|

DECREASE IN CASH AND CASH EQUIVALENTS (20,638)

CASH AND CASH EQUIVALENTS, Beginning of Year 500,001

CASH AND CASH EQUIVALENTS, End of Year \$ 479,363

NON-CASH INVESTING AND FINANCING ACTIVITIES:

| | |
|--|------------|
| Acquisition of right-of-use asset through financing lease obligation | \$ 18,556 |
| Property and equipment financed through accounts payable | \$ 380,993 |

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. ORGANIZATION

League to Save Lake Tahoe (Organization) is a nonprofit public benefit corporation. The Organization was formed in 1957 to preserve the environmental balance, scenic beauty, and recreational opportunities of the Lake Tahoe Basin. The Organization fulfills its mission by focusing efforts in the following primary areas:

Tackling invasive species to protect the lake from infestations and restore the delicate ecology of Lake Tahoe.

Combating pollution from traffic and litter to keep Lake Tahoe blue, healthy and pristine.

Advancing restoration to reverse unwise land use to ensure Tahoe's land is resilient in the face of extreme wildfire and the climate crisis.

Advocating on behalf of Lake Tahoe with local, state and federal government agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires (generally, as payments are made to fulfill the purposes of the contribution), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents – For financial statement purposes, the Organization considers all highly liquid financial instruments with an initial maturity of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents, unless held for long-term purposes or intended for investment to generate investment income.

The Organization minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institutions. The balance at times may exceed federally insured limits. Balances exceeded federally insured limits by \$186,491 for the year ending December 31, 2024. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Contributions receivable – Unconditional promises to give that are expected to be collected in one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which are measured as the present value of

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. In subsequent years, amortization of the discounts is included in contribution revenue. The Organization 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, 2024.

Inventory – Inventory consists of program-related merchandise held for sale and is stated at the lower of cost or market determined by the first-in first-out (FIFO) 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.

Investments – Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investment income and gains restricted by a donor are reported as increases or decreases in net assets with or without donor restrictions depending on the nature of the restrictions.

Property and equipment is stated at cost, or, if donated, at fair market value as of the date of donation. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 30 years.

Leases – The Organization determines if an arrangement is or contains a lease at inception. Lease are included in right-of use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets are also adjusted for prepaid or accrued rent. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization has made an accounting policy election to use the risk-free rate at the lease commencement date, in lieu of its incremental borrowing rate to discount future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include options to extend or terminate to the extent they are reasonably certain to be exercised. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Beneficial interest in assets held by community foundations – In 2014, the Organization established a donor restricted endowment fund that is perpetual in nature with the El Dorado Community Foundation (EDCF). The Organization granted ownership, control and discretion to EDCF, in regard to investment strategy, and distributions from the fund to the Organization for use. The fund is held and invested by EDCF for the Organization's benefit.

In 2015, the Organization established a donor restricted endowment fund that is perpetual in nature with the Tahoe Community Foundation (TCF). The Organization granted variance power to TCF, which allows TCF to disburse available funds to the Organization for public, educational and charitable purposes, in accordance with the policies of TCF. The fund is held and invested by TCF for the Organization's benefit.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

The Organization also holds an investment account with TCF that is not an endowment. These assets are without donor restriction, but the assets are held and invested by PTCF.

All assets held with community foundations are reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statement of activities.

Revenue recognition – The Organization recognizes revenue from sales of goods when the performance obligation of transferring the products is met. Education center sales are recognized at the time of purchase.

Special events revenue is comprised of an exchange element based on the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of the special event revenue immediately, unless there is a right of return if the event does not take place.

Funds received in advance of being earned are recorded as deferred revenue, which represents a contract liability. A contract asset is recorded when the Organization satisfies a performance obligation of a contract but is not yet entitled to payment. When the organization becomes entitled to payment, the contract asset is classified as a receivable, whether invoiced or not. There were no contract assets, accounts receivable, or deferred revenue related to contracts with customers at December 31, 2024 or 2023.

Grants and contributions are recognized in full when received or unconditionally promised, in accordance with professional standards. 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 met, generally through the incurrence of qualifying expenses or through performance-related deliverables. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire, or the contributions are used for the restricted purpose. Net assets with donor restrictions also includes those whose use by the Organization is restricted by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by the actions of the Organization. Donor-restricted contributions that are also conditional, and for which the condition and restriction are released in the same period, are reported as revenue without donor restrictions. One outstanding conditional promise to give, subject to qualifying expenses, of \$64,500 at December 31, 2024, will be recognized as the conditions are met.

The Organization received approximately 14% of its revenue (not including in-kind revenue) in 2024 from its annual fundraiser. The loss of this event could have an impact on the Organization's future operations.

In-kind contributions – Contributed nonfinancial assets include professional services and donated goods and are recorded at their estimated fair value as both support and expense in the period received, which approximates the time when such goods are distributed or placed into service. Contributions of in-kind services that create or enhance nonfinancial assets or that require specialized skills; are provided by individuals possessing those skills; and would typically need to be purchased if not provided by donation, are recorded at their estimated fair value in the period received. Refer to Note 14 for additional disclosures related to in-kind contributions.

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

Functional allocation of expenses – The costs of program and supporting services activities are summarized on a functional basis in the accompanying statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Salaries and benefits are allocated based on estimated time and effort. Some expenses are directly identifiable with a particular program or supporting service and are allocated accordingly. Other expenses that are not directly identifiable with any specific program, but which provide general support for the programmatic and supporting services of the Organization, are allocated among the various functions benefited based on employee time and effort in the pay period in which the expense was incurred.

Income taxes – 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.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events have been reviewed through July 18, 2025, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2024, that require recognition or disclosure in the financial statements.

3. PRIOR PERIOD ADJUSTMENT

Net assets with donor restrictions were increased, and net assets without donor restrictions were decreased, by \$325,299 as of January 1, 2024. This adjustment was made to restrict the accumulated earnings on the Organization's two endowment accounts held with community foundations. Although earnings on endowment assets are intended to support the general operations of the Organization, access to these funds is limited. The community foundations maintain variance power over the use of these funds, and therefore under Generally Accepted Accounting Principles they represent restricted net assets until distributions are approved by the community foundation boards of directors. This change did not have any effect on net assets in total.

4. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follow as of December 31, 2024:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 479,363 |
| Investments | 4,548,792 |
| Contributions receivable | 803,164 |
| Beneficial interests in assets held by community foundations (Note 7) | <u>1,833,531</u> |
| Total financial assets | <u>7,664,850</u> |
| Less amounts unavailable for general expenditures within one year, due to: | |
| Board designated net assets (Note 13) | (4,212,200) |
| Net assets restricted by donors for time or purpose (Note 13) | <u>(1,141,381)</u> |
| | <u>(5,353,581)</u> |
| Financial assets available for general expenditure within one year | <u>\$ 2,281,269</u> |

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

The Organization's board designated funds are \$4,212,200 as of December 31, 2024. This includes \$3,148,200 designated for operating, capital, or programmatic purposes, and \$1,064,000 in board designated quasi-endowment funds. Although they do not intend to spend from this board designated endowment, these amounts could be made available if necessary. Amounts designated for operating, capital, or programmatic purposes may be appropriated for use by the Board during the annual budgeting process. As part of the Organization's liquidity management plan, they invest cash in excess of daily requirements in CDs, mutual funds and money market funds.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due to be collected as follows:

| | |
|-------------------------------|-------------------|
| Within one year | \$ 555,039 |
| In one to five years | <u>230,394</u> |
| Contributions receivable, net | <u>\$ 785,433</u> |

The Organization recognizes contributions receivable at their estimated fair value. Fair value is determined by calculating the present value of the estimated future cash flows at the time of the donation. Contribution receivable as of December 31, 2024 are presented net of a discount of \$17,731, which was calculated using a discount rate of 4.5%.

6. INVESTMENTS

Investments consist of the following as of December 31, 2024:

| | |
|-----------------------------|---------------------|
| Cash and cash equivalents | \$ 3,357,868 |
| Mutual funds – fixed income | 554,378 |
| Certificates of deposit | <u>636,546</u> |
| Total | <u>\$ 4,548,792</u> |

Investment returns consists of the following for the year ended December 31, 2024:

| | |
|---|-------------------|
| Interest and dividends | \$ 231,557 |
| Net unrealized and realized gain on investments, net of fees | 35,436 |
| Net unrealized and realized gain on assets held with community foundations, net of fees | <u>217,789</u> |
| Total | <u>\$ 484,782</u> |

7. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS

The Organization has certain investments held by the El Dorado Community Foundation (EDCF) and the Tahoe Community Foundation (TCF), with the understanding that the income pertaining to these assets will be distributed according the Organization's instruction. Although the Organization's Board of Directors recommends distributions from the funds, the EDCF and TCF maintains variance power over these funds and has final discretion. However, because the assets are for the exclusive use of supporting the charitable purposes of the Organization, the Organization includes these assets in its statements of financial position.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

As of December 31, 2024, the Organization held \$415,044 in an endowment fund in the EDCF. This comprises \$233,500 in original contributions restricted in perpetuity by the donors, and \$181,544 in accumulated earnings. The accumulated earnings are intended to support the general operations of the Organization, however, because the EDCF was granted variance power over endowment funds, they are reported within net assets with donor restrictions until distributed to the Organization.

As of December 31, 2024, the Organization held \$556,322 in an endowment fund in the TCF. This comprises \$302,566 in original contributions restricted in perpetuity by the donors, and \$253,756 in accumulated earnings. The accumulated earnings are intended to support the general operations of the Organization, however, because the TCF was granted variance power over endowment funds, they are reported within net assets with donor restrictions until distributed to the Organization.

As of December 31, 2024, the Organization also held \$862,165 in an investment account with TCF. These assets are unrestricted as to use, and TCF has not been granted variance power over these assets.

8. FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability):

| | |
|----------------|---|
| Level 1 Inputs | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. |
| Level 2 Inputs | Inputs other than quoted prices in active markets that are observable either directly or indirectly. |
| Level 3 Inputs | Unobservable inputs for the asset or liability. |

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

The Organization's assets subject to fair value are classified as follows as of December 31, 2024:

| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|---------------------|-----------------------------|-----------------------------|---------------------|
| Investments | \$ 4,548,792 | \$ 3,912,246 | \$ 636,546 | |
| Beneficial interests in assets held at community foundations | <u>1,833,531</u> | <u> </u> | <u> </u> | <u>\$ 1,833,531</u> |
| | <u>\$ 6,382,323</u> | <u>\$ 3,912,246</u> | <u>\$ 636,546</u> | <u>\$ 1,833,531</u> |

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

The Organization's cash and cash equivalents and mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The Organization's investments in certificates of deposit are classified within Level 2 of the fair value hierarchy because they are valued using alternative pricing methods using observable information inputs, such as current interest rates. The Organization's assets held with community foundations are classified within Level 3 of the fair value hierarchy because they are valued based on the Organization's share of the underlying assets held by the community foundations.

Changes in the level 3 assets for the year ended December 31, 2024 consist of:

| | |
|-------------------------------|---------------------|
| Opening balance | \$ 1,615,742 |
| Unrealized gain in fair value | <u>217,789</u> |
| Ending balance | <u>\$ 1,833,531</u> |

9. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 consisted of the following:

| | |
|--------------------------------|---------------------|
| Building and improvements | \$ 5,961,885 |
| Land | 323,400 |
| Furniture and equipment | <u>145,702</u> |
| | 6,430,987 |
| Less: accumulated depreciation | <u>(141,136)</u> |
| | <u>\$ 6,289,851</u> |

10. INTANGIBLE ASSETS

Intangible assets as of December 31, 2024 consisted of the following:

| | |
|--------------------------------|------------------|
| Website redevelopment | \$ 64,500 |
| Less: accumulated amortization | <u>(32,250)</u> |
| | <u>\$ 32,250</u> |

11. LEASE COMMITMENT

The Organization leases a copy machine with a term commencing in 2024 and expiring in 2029. This lease does not include an option to extend or early terminate the lease. This lease is included on the December 31, 2024 statement of financial position as financing right-of-use (ROU) asset and financing lease liability of \$15,154 and \$15,443, respectively. For the year ended December 31, 2024, amortization and interest expense totaled \$3,402 and \$671, respectively. Cash paid for amounts included in the measurement of financing lease liabilities totaled \$3,784 for 2024.

The ROU asset and operating lease liability were calculated using a risk-free discount rate of 4.27%.

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

Maturities of the lease liability for this lease are as follows:

| | | |
|------------------------------|----|----------------|
| 2025 | \$ | 4,128 |
| 2026 | | 4,128 |
| 2027 | | 4,128 |
| 2028 | | 4,128 |
| 2029 | | 344 |
| Total lease payments | | <u>16,856</u> |
| Less: present value discount | | <u>(1,413)</u> |
| Total | \$ | <u>15,443</u> |

12. ENDOWMENTS

The Organization has three endowments established as follows:

The *Lane Endowment* was established in 2004 with an initial gift of \$100,000. These endowed funds, and subsequent donations to the endowment, were established to further the charitable purposes of the Organization by providing general support to meet its operating needs, as determined by the Organization's Board of Directors.

The *Heller Endowment* was established in 2005 with an initial gift of \$80,000. These endowed funds, and subsequent donations to the endowment, were established to further the charitable purposes of the Organization by providing general support to meet its operating needs, as determined by the Organization's Board of Directors.

A board-designated endowment with a balance as of December 31, 2024 of \$1,064,000 was established to provide additional operating income for the Organization. It is the policy of the Board of Directors to appropriate all earnings each year for operating purposes.

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 without donor restrictions, as no contributions restricted in perpetuity included restrictions on the use of investment earnings.

In Accordance with UPMIFA, the Organization 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 Organization 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 Organization
- The investment policies of the Organization

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

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 Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2024, there were no underwater endowment funds.

As of December 31, 2024, the Organization had the following endowment net asset composition by type of fund:

| | <u>Without donor restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|--|---|---------------------|
| Board-designated endowment funds | \$ 1,064,000 | | \$ 1,064,000 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | | \$ 536,066 | 536,066 |
| Accumulated investment gains (losses) | | <u>435,300</u> | <u>435,300</u> |
| | <u>\$ 1,064,000</u> | <u>\$ 971,366</u> | <u>\$ 2,035,366</u> |

The \$536,066 perpetually restricted net assets, and \$435,300 accumulated earnings on the endowment funds, are included in beneficial interests in assets held with community foundations on the statement of financial position. The \$1,064,000 in board designated quasi endowment are included in noncurrent investments on the statement of financial position.

Investment and Spending Policies

The Organization 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 Organization expects the endowment funds, over time, to yield an average rate of return that is consistent with market standards for its types of investment. Actual returns in any given year may vary.

The Organization 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 Organization may spend up to 4% of the funds annually based on the fund's average fair market value, as averaged over the preceding 12 quarters. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization 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.

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

To satisfy long-term rate of return objectives, the Organization 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 Organization targets a diversified assets allocation plan within prudent risk constraints. The Investment Committee of the Board of Directors reviews this plan at least annually.

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

| | <u>Without donor restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|---------------------|
| Endowment net assets, beginning of year | \$ 988,000 | \$ 861,365 | \$ 1,849,365 |
| Contributions | 76,000 | | 76,000 |
| Distribution from board-designated endowment pursuant to spending policy | (63,712) | | (63,712) |
| Investment returns, net | <u>63,712</u> | <u>110,001</u> | <u>173,713</u> |
| Endowment net assets, end of year | <u>\$ 1,064,000</u> | <u>\$ 971,366</u> | <u>\$ 2,035,366</u> |

13. NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2024:

Subject to expenditure for specified purpose:

| | |
|---------------------------|---------------|
| Outreach campaigns | \$ 27,500 |
| Legal support | 26,500 |
| General programming | 20,000 |
| Environmental stewardship | <u>18,515</u> |
| | <u>92,515</u> |

Subject to the passage of time:

| | |
|---|--------|
| Promises to give that are not restricted by donors, but which are unavailable for expenditure until due | 77,500 |
|---|--------|

Endowments:

| | |
|--|----------------|
| Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation: | |
| Heller and Lane Endowments, general use | <u>971,366</u> |

Total net assets with donor restrictions \$ 1,141,381

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

Certain net assets without donor restrictions are designated by the board for the following purposes as of December 31, 2024:

| | |
|---|---------------------|
| Science | \$ 1,903,000 |
| Board quasi endowment – operating support | 1,064,000 |
| Policy and legal | 694,200 |
| General operations | 350,000 |
| Building | <u>201,000</u> |
| Total board designated net assets | <u>\$ 4,212,200</u> |

14. IN-KIND CONTRIBUTIONS

The Organization received the following in-kind contributions for the year ended December 31, 2024:

| | |
|----------------------------------|-------------------|
| Auction or raffle items | \$ 106,133 |
| Other fundraising event supplies | 92,503 |
| Skilled volunteer labor | 68,357 |
| Professional services | 59,152 |
| Program or office supplies | <u>3,567</u> |
| | <u>\$ 329,712</u> |

The Organization receives donated advertising, legal services, other professional services, volunteer labor, auction and raffle items for fundraising events, and supplies and food for fundraising events. All donated items were valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

The Organization's policy related to in-kind contributions is to utilize the assets given to carry out their mission, unless donated as an auction or raffle item in which case the asset is converted to cash. All in-kind contributions received by the Organization for the year ended December 31, 2024 were considered without donor restrictions and able to be used by the Organization as determined by the Board and management.

15. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2024, the Organization received approximately \$42,200 in in-kind professional services from one of its members of the Board of Directors. Additionally, the Organization recognized contribution revenue of \$500,000 from one of its board members, of which \$250,000 was included in contributions receivable at the end of the year.

16. RETIREMENT PLAN

The Organization sponsors a Simple IRA plan for its eligible employees. The Organization matches employee salary deferrals to the Plan up to 3%, subject to a maximum limit allowable per year under the Internal Revenue Code. Contributions to the plan were \$47,064 for the year ended December 31, 2024.