

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

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019)

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	7-18

INDEPENDENT AUDITOR'S REPORT

July 6, 2021

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

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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, 2020, 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.

Other Matters

Report on Summarized Comparative Information

The League to Save Lake Tahoe's 2019 financial statements were audited by me, and I expressed an unmodified audit opinion on those audited financial statements in my report dated May 22, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)

	December 31	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 522,959	\$ 1,141,771
Short-term investments	4,321,704	1,382,937
Contributions receivable	192,732	25
Merchandise inventory	102,739	84,726
Prepaid expenses	67,020	39,381
TOTAL CURRENT ASSETS	5,207,154	2,648,840
Endowment and investment assets held by third party	1,757,965	1,584,064
Property and equipment, net	1,677,032	586,880
TOTAL ASSETS	\$ 8,642,151	\$ 4,819,784
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 149,033	\$ 85,730
PPP grant payable	226,377	-
TOTAL CURRENT LIABILITIES	375,410	85,730
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions:		
General	2,581,315	2,610,844
Board designated:		
General fund	350,000	350,000
Policy fund	478,500	478,500
Science fund	1,431,000	25,000
Building maintenance fund	1,881,000	475,000
Other	703,000	-
With donor restrictions	841,926	794,710
TOTAL NET ASSETS	8,266,741	4,734,054
TOTAL LIABILITIES AND NET ASSETS	\$ 8,642,151	\$ 4,819,784

SEE NOTES TO FINANCIAL STATEMENTS

LEAGUE TO SAVE LAKE TAHOE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Without Donor Restrictions			With Donor Restrictions	Total	
	Operating Fund	Property Fund	Board Designated Funds		Year Ended 2020	December 31 2019
SUPPORT AND REVENUE						
Contributions	\$ 5,239,374	\$ -	\$ -	\$ 253,025	\$ 5,492,399	\$ 2,779,672
Education center sales						
Sales	101,586					
Cost of goods sold	(49,199)					
Net sales	52,387	-	-		52,387	41,554
Investment income	158,813	-	-	42,407	201,220	242,466
In-kind revenue	216,463	-	-	-	216,463	192,374
Allocation to designated funds	(4,632,968)	1,117,968	3,515,000	-	-	-
Net assets released from restriction	248,216	-	-	(248,216)	-	-
Total Support and Revenue	1,282,285	1,117,968	3,515,000	47,216	5,962,469	3,256,066
EXPENSES						
Program	1,857,879	17,768	-	-	1,875,647	1,685,049
General and administrative	158,364	10,048	-	-	168,412	142,340
Fundraising	169,260	-	-	-	169,260	396,248
In-kind	216,463	-	-	-	216,463	192,374
Total Expenses	2,401,966	27,816	-	-	2,429,782	2,416,011
Change in net assets	(1,119,681)	1,090,152	3,515,000	47,216	3,532,687	840,055
NET ASSETS, beginning of year	2,023,964	586,880	1,328,500	794,710	4,734,054	3,893,999
NET ASSETS, end of year	\$ 904,283	\$ 1,677,032	\$ 4,843,500	\$ 841,926	\$ 8,266,741	\$ 4,734,054

LEAGUE TO SAVE LAKE TAHOE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Program	General and Administrative	Fundraising	In-Kind	Total	
					2020	2019
Salaries and benefits	\$ 1,258,617	\$ 115,817	\$ 103,125	\$ -	\$ 1,477,559	\$ 1,217,785
Operating and meeting expenses	213,239	34,831	156	-	248,226	277,031
In-kind expenses	-	-	-	216,463	216,463	192,374
Education, engagement, and collaboration	152,676	-	-	-	152,676	102,638
Special Projects	55,877	1,278	65,695	-	122,850	374,303
Professional services	112,861	4,512	-	-	117,373	152,150
Communication and advocacy expenses	50,126	1,542	-	-	51,668	29,912
Depreciation	17,768	10,048	-	-	27,816	24,463
Travel	14,483	384	284	-	15,151	45,355
TOTAL EXPENSES	\$ 1,875,647	\$ 168,412	\$ 169,260	\$ 216,463	\$ 2,429,782	\$ 2,416,011

LEAGUE TO SAVE LAKE TAHOE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Total	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$3,532,687	\$ 840,055
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	27,816	24,463
Unrealized gain on investments	127,398	154,268
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
Contributions receivable	(192,707)	15,477
Prepaid expenses	(27,639)	(3,157)
Inventory	(18,013)	(5,073)
Accounts payable and accrued expenses	63,303	28,035
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,512,845</u>	<u>1,054,068</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in investments	(2,938,767)	1,774
(Increase) in endowment assets held by others	(301,299)	(364,821)
Purchase and acquisition of fixed assets	<u>(1,117,968)</u>	<u>(1,944)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(4,358,034)</u>	<u>(364,991)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
PPP proceeds	<u>226,377</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>226,377</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(618,812)	689,077
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,141,771</u>	<u>452,694</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 522,959</u>	<u>\$ 1,141,771</u>

SEE NOTES TO FINANCIAL STATEMENTS

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

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, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

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 inputs for cash and Level 2 for investments (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.

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2020.

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.

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 \$216,463 (\$121,119 for goods and \$95,344 in services), for the year ended December 31, 2020, as reflected in the accompanying statement of activities and statement of functional expenses.

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Revenue

The League is supported primarily through contributions. 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 which are common to multiple functions have been allocated among the various functions benefited based on employee time spent in the functional area.

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, 2020 and 2019, the League had \$345,988 and \$676,174 in excess of federally insured limits, respectively.

The League received approximately 34% of its revenue in 2020 from one donor. The loss of this funding could have an impact of the League's ability to continue programming.

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Board Designated Funds**

In an effort to set funds aside for potential future expenditures, during the year ended December 31, 2016, the Board of Directors approved the designation of unrestricted net assets for building maintenance, policy making, and general contingency. During the year ended December 31, 2020, the Board of Directors approved increases to previously established funds and a new fund. The activity in the board designated funds for the year ended December 31, 2020 is as follows:

<u>Board Designated Fund</u>	<u>12/31/19</u>	<u>Increase</u>	<u>12/31/20</u>
Building	\$ 475,000	\$ 1,406,000	\$ 1,881,000
Science	25,000	1,406,000	1,431,000
Policy and legal	478,500	-	478,500
Board quasi endowment	-	703,000	703,000
General operations	350,000	-	350,000
Total Board Designated Funds	<u>\$1,328,500</u>	<u>\$ 3,515,000</u>	<u>\$ 4,843,500</u>

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.

Newly Adopted Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires organizations to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods and services. The League adopted the standard on January 1, 2020. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

LEAGUE TO SAVE LAKE TAHOE
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Relevant Accounting Pronouncements

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. Early adoption is permitted. The new 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 is currently evaluating the impact of adopting this new guidance on its 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. Certain reclassifications have been made in the 2019 comparative totals to conform to the classifications used in 2020. 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 our audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE C – INVESTMENTS

Investment and endowment activity for the year ended December 31, 2020 is as follows:

Investments, beginning of year	\$2,967,001
Cash invested	3,985,000
Distributions	(1,091,547)
Securities received	29,389
Unrealized gain (loss)	127,398
Interest and realized earnings	78,807
Fees	(16,379)
Investments, end of year	<u>\$6,079,669</u>

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

NOTE C – INVESTMENTS (Continued)

The composition and fair value of cash and investments held in investment accounts at December 31, 2020 is as follows:

	Fair Value		Total
	Measurements Using:		
	Level 1	Level 2	
<u>Without Restrictions</u>			
<u>Short Term Investments</u>			
Cash held in investment accounts	\$ 4,096,540	\$ -	\$ 4,096,540
Certificates of Deposit	-	225,164	225,164
<u>Long Term Investments</u>			
Investments held by community foundations	-	1,227,040	1,227,040
Total Without Restrictions	<u>4,096,540</u>	<u>1,452,204</u>	<u>5,548,744</u>
<u>With Restrictions</u>			
<u>Permanently Restricted:</u>			
<u>Long Term Investments</u>			
Investments held by community foundations	-	530,925	530,925
Total With Restrictions	-	<u>530,925</u>	<u>530,925</u>
Total Investments	<u>\$ 4,096,540</u>	<u>\$ 1,983,129</u>	<u>\$ 6,079,669</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	2020	2019
Land	\$ 530,400	\$207,000
Building and improvements	1,365,451	570,883
Furniture, fixtures, and equipment	24,094	24,094
Less: accumulated depreciation	(242,913)	(215,097)
	<u>\$ 1,677,032</u>	<u>\$586,880</u>

Depreciation expense for the years ended December 31, 2020 and 2019 is \$27,816 and \$24,463, respectively.

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

NOTE E – COMMITMENTS

The League leases office and storage space through 2021 and various office equipment through 2023. Rent and storage expense for the year ended December 31, 2020 was \$35,017. Future commitments with respect to these leases are as follows:

<u>Year Ended December 31</u>	
2021	\$ 29,315
2022	\$ 8,294
2023	\$ 1,203

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	\$522,959
Investments	4,321,704
Contributions receivable	192,732
Financial instruments held by third party	<u>1,757,965</u>
	<u>6,795,360</u>
Less amounts not available to be used within one year:	
Designated funds established by the Board	(4,843,500)
Endowment funds	(530,925)
Net assets with purpose restrictions to be met in one year	<u>(311,001)</u>
	<u>(5,685,426)</u>
Total financial assets available for general expenditure	<u>\$1,109,934</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 \$4,843,500 at December 31, 2020. 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, 2020****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)****NOTE G – CONTINGENCIES**

The COVID-19 outbreak has caused business disruption through mandated and voluntary closings of non-essential businesses in the United States. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the League expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The League deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the League to the provisions of the grants. The League's management believes the League has complied with the terms of all grants.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020 and 2019 consisted of the following:

<u>Restricted Purpose</u>	<u>Beginning Balance 12/31/19</u>	<u>Income and Contributions</u>	<u>Released from Restriction</u>	<u>Ending Balance 12/31/20</u>
Specific purpose	\$ 258,644	\$ 295,432	(\$ 248,216)	\$ 305,860
Permanent Endowment	536,066	-	-	536,066
Total	<u>\$ 794,710</u>	<u>\$ 295,432</u>	<u>(\$ 248,216)</u>	<u>\$ 841,926</u>

Net assets without donor restrictions for the years ended December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Undesignated	\$2,581,315	\$2,610,844
Board designated	4,843,500	1,328,500
Total	<u>\$7,424,815</u>	<u>\$3,939,344</u>

During the year ended December 31, 2020, the League increased the funding in its board designated fund by \$3,515,000 and had no disbursements.

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

NOTE I – 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 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

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, 2020, there were no underwater endowment funds.

The composition of the endowment is as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Restricted in perpetuity:		
Heller and Lane Endowments	<u>\$536,066</u>	<u>\$536,066</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, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

NOTE I – ENDOWMENTS (Continued)

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, 2020, there were no deficiencies in net assets with donor restrictions.

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.

LEAGUE TO SAVE LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

NOTE J – PPP GRANT PAYABLE

In June 2020, the League received \$225,082 from the Payroll Protection Program, offered through the Small Business Administration, in response to COVID-19. The PPP carries an interest rate of 1% and becomes payable two years after issuance. The League accrued \$1,295 interest payable for the year ended December 31, 2020. The League plans to seek forgiveness of the small business loan in the fiscal year ended December 31, 2021, however the total amount of forgiveness is not known at December 31, 2020.

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, 2020 and 2019 is \$49,513 and \$31,832, respectively, and is reflected in the accompanying statement of financial position as accounts payable and accrued expenses.

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 \$23,943 and \$16,346 for the years ended December 31, 2020 and 2019, respectively.

NOTE L – SUBSEQUENT EVENTS

In February 2021, the League received a second draw of \$193,015 from the PPP grant funding offered through the Small Business Administration.

Management has evaluated subsequent events for recognition and disclosure through July 6, 2021, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2020, that required recognition or disclosure in the financial statements.