

**S U Z A N N E R O B I N S O N H E A L Y**

**C E R T I F I E D P U B L I C A C C O U N T A N T**

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**LEAGUE TO SAVE LAKE TAHOE**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2014)**

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**MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS,  
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INDEPENDENT AUDITOR'S REPORT

February 11, 2016

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

I have audited the financial statements of League to Save Lake Tahoe (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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, 2015, 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 2014 financial statements were audited by other auditors, and they expressed an unmodified audit opinion on those audited financial statements in their report dated February 10, 2015. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Certified Public Accountant  
Concord, CA

LEAGUE TO SAVE LAKE TAHOE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds	
				December 31	
				2015	2014
<b>ASSETS</b>					
CURRENT ASSETS					
Cash and cash equivalents	\$ 596,772	\$ 84,900	\$ 85,728	\$ 767,400	\$ 392,405
Accounts receivable	8,511			8,511	24,382
Short term investments (Note B)	100,800			100,800	326,015
Merchandise inventory	57,517			57,517	58,845
Prepaid expenses	72,234			72,234	40,037
<b>TOTAL CURRENT ASSETS</b>	<b>835,834</b>	<b>84,900</b>	<b>85,728</b>	<b>1,006,462</b>	<b>841,684</b>
RESTRICTED CASH (Note F)				-	214,971
LONG TERM INVESTMENTS (Note B)	948,387			948,387	818,290
ENDOWMENT ASSETS HELD BY THIRD PARTY (Note B)			445,197	445,197	233,454
PROPERTY AND EQUIPMENT (Note C)	708,371			708,371	722,819
<b>TOTAL ASSETS</b>	<b>\$ 2,492,592</b>	<b>\$ 84,900</b>	<b>\$ 530,925</b>	<b>\$ 3,108,417</b>	<b>\$ 2,831,218</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 41,624	\$ -	\$ -	\$ 41,624	\$ 48,149
<b>TOTAL CURRENT LIABILITIES</b>	<b>41,624</b>	<b>-</b>	<b>-</b>	<b>41,624</b>	<b>48,149</b>
COMMITMENTS (Note D)					
<b>NET ASSETS</b>					
Unrestricted:					
Unrestricted general	1,950,968			1,950,968	1,888,644
Board designated:					
General fund	100,000			100,000	75,000
Policy fund	300,000			300,000	215,000
Building maintenance fund	100,000			100,000	75,000
Temporarily restricted (Note E)		84,900		84,900	81,000
Permanently restricted (Note F)			530,925	530,925	448,425
<b>TOTAL NET ASSETS</b>	<b>2,450,968</b>	<b>84,900</b>	<b>530,925</b>	<b>3,066,793</b>	<b>2,783,069</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,492,592</b>	<b>\$ 84,900</b>	<b>\$ 530,925</b>	<b>\$ 3,108,417</b>	<b>\$ 2,831,218</b>

SEE NOTES TO FINANCIAL STATEMENTS

LEAGUE TO SAVE LAKE TAHOE  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2015  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

SUPPORT AND REVENUE	Unrestricted					Total All Funds	
	Operating Fund	Property Fund	Board Designated Funds	Temporarily Restricted Fund	Permanently Restricted Fund	Year Ended December 31	
						2015	2014
Benefit	\$ 852,510	\$ -	\$ -	\$ -	\$ -	\$ 852,510	\$ 754,708
Membership	620,896					620,896	548,586
Sales (net)	39,123					39,123	42,631
Contributions	284,767					367,267	521,512
Grants and awards				53,000	82,500	53,000	51,981
Investment income	14,737					14,737	3,227
In-Kind	631,445					631,445	423,807
Net assets released from restriction	(93,810)	7,910	135,000	(49,100)	-	-	-
Total Support and Revenue	2,349,668	7,910	135,000	3,900	82,500	2,578,978	2,346,452
<b>EXPENSES</b>							
Program	1,239,957	18,721				1,258,678	1,069,984
General and administrative	146,255	3,637				149,892	95,106
Fundraising	255,239					255,239	255,480
In-kind	631,445					631,445	423,807
Total Expenses	2,272,896	22,358	-	-	-	2,295,254	1,844,377
Change in net assets	76,772	(14,448)	135,000	3,900	82,500	283,724	502,075
NET ASSETS, beginning of year	1,165,825	722,819	365,000	81,000	448,425	2,783,069	2,280,994
NET ASSETS, end of year	\$ 1,242,597	\$ 708,371	\$ 500,000	\$ 84,900	\$ 530,925	\$ 3,066,793	\$ 2,783,069

**LEAGUE TO SAVE LAKE TAHOE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

	Program	General and Administrative	Fundraising	In-Kind	Total All Funds	
					Year Ended December 31	
					2015	2014
Personnel and Benefits	\$ 826,085	\$ 116,481	\$ 30,669	\$ -	\$ 973,235	\$ 802,524
In-Kind	-	-	-	631,445	631,445	423,807
Fundraising	-	-	219,185	-	219,185	158,165
Operating Expenses	120,111	13,660	-	-	133,771	139,426
Education/Engagement Exp.	80,231	-	2,709	-	82,940	97,338
Professional Fees & Consultants	62,938	12,298	2,372	-	77,608	148,075
Special Projects	71,280	2,756	-	-	74,036	-
Communicate/Newsletters/Annual Report	38,234	-	-	-	38,234	26,031
Travel	25,688	1,060	304	-	27,052	24,724
Depreciation and amortization	18,721	3,637	-	-	22,358	21,124
Advocacy/Natural Resources	15,390	-	-	-	15,390	3,163
	<u>\$ 1,258,678</u>	<u>\$ 149,892</u>	<u>\$ 255,239</u>	<u>\$ 631,445</u>	<u>\$ 2,295,254</u>	<u>\$ 1,844,377</u>

SEE NOTES TO FINANCIAL STATEMENTS

**LEAGUE TO SAVE LAKE TAHOE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2015**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

CASH FLOWS FROM OPERATING ACTIVITIES:	Total All Funds	
	Year Ended December 31 2015	2014
Change in net assets	\$ 283,724	\$ 502,075
Adjustments to reconcile change in net assets to cash provided <used> by operating activities:		
Depreciation	22,358	21,124
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
Accounts receivable	15,871	(24,382)
Prepaid expenses	(32,197)	(3,567)
Inventory	1,328	(22,616)
Accounts payable and accrued expenses	(6,525)	25,551
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>284,559</u>	<u>498,185</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in investments and restricted cash	310,089	(276,553)
Increase in Endowment assets held by others	(211,743)	(233,454)
Purchase and acquisition of equipment	(7,910)	(2,229)
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	<u>90,436</u>	<u>(512,236)</u>
NET INCREASE (DECREASE) IN CASH	374,995	(14,051)
CASH, beginning of year	<u>392,405</u>	<u>406,456</u>
CASH, end of year	<u>\$ 767,400</u>	<u>\$ 392,405</u>

SEE NOTES TO FINANCIAL STATEMENTS



**LEAGUE TO SAVE LAKE TAHOE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)**

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**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General

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

Preparation of Financial Statements

The League's policy is to prepare its financial statements on the accrual basis of accounting.

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.

Reclassifications

Certain reclassifications have been made in the 2014 comparative totals to conform to the classifications used in 2015.

Financial Statement Presentation

Under FASB ASC Subtopic 958-205, Not-For-Profit Entities—Presentation of Financial Statements, the League is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Contributions

In accordance with FASB ASC Section 958-605-25, Not-For-Profit Entities—Revenue Recognition, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of grantor restrictions. Contributions are recorded as restricted support if they are received with grantor

**LEAGUE TO SAVE LAKE TAHOE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)**

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**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Contributions (Continued)**

stipulations that limit the use of the contributed assets. When a grantor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. As permitted by ASC 958, donor-restricted contributions whose restrictions are met in the same year are reported as unrestricted support.

**Cash and cash equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

**Inventories**

Inventories are valued at the lower of cost or market. Cost is determined on a 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.

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

The League records donated facilities use, supplies, auction items or services at their estimated fair value on the date of receipt if they meet the criteria for recognition. In-kind facilities use, supplies, auction items and services were \$631,445, for the year ended June 30, 2015 as reflected in the accompanying statement of activities.

**Land**

Contributions of land (building lots) are recorded based upon the full value as shown on tax bills for each parcel.

**LEAGUE TO SAVE LAKE TAHOE**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

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**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Property and equipment**

The Company depreciates its property and equipment on a straight-line basis using the following estimated useful lives:

Furniture and fixtures:	3 Years
Computer equipment and software:	3 Years
Buidling and Improvements:	30 Years

Maintenance and repairs are expensed as incurred.

**Concentration of Credit**

From time to time, the League may maintain cash and cash equivalent accounts exceeding federally insured limits. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time. At June 30, 2015 and 2014 the League had \$446,308 and \$312,613 in excess of federally insured limits, respectively.

The League received approximately 44% of its annual revenue (not including In-Kind Revenue) from their annual fundraiser. The loss of this event could have a significant impact on the results of operations for the League.

**Advertising**

The League recognized advertising expenditures of \$1,054 and \$392 for the years ended December 31, 2015 and 2014, respectively.

**Federal and State Taxes on Income**

The League is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the California Revenue and Taxation Code. The League has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by the League in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The League returns for years ended December 31, 2014, 2013, and 2012 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

**LEAGUE TO SAVE LAKE TAHOE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)**

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**NOTE A – GENERAL AND 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, 2015, the Board of Directors approved the designation of unrestricted net assets for the following items:

Building maintenance	\$100,000
Policy making	300,000
General contingency	100,000
Total Board Designated Funds	<u>\$500,000</u>

**Disclosure about Fair Value of Financial Instruments**

The League's financial instruments include cash, cash equivalents and investments. The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. Accounting Standards Codification (ASC) 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value

The fair value hierarchy is categorized into three levels based on the inputs as follows:

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

Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets or liabilities 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 are supported by little or no market activity and that are significant to the fair values of the assets and liabilities.

The League measured the fair value of investments as detailed further in Note B.

**LEAGUE TO SAVE LAKE TAHOE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(continued)

**Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**NOTE B – INVESTMENTS**

The composition and fair value of cash and investments at December 31, 2015 is as follows:

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>
		<u>Significant Other Observable Inputs (Level 2)</u>
<b><u>Unrestricted</u></b>		
<b><u>Short Term Investments</u></b>		
Certificates of Deposit	\$100,800	\$100,800
<b><u>Long Term Investments</u></b>		
Certificates of Deposit	723,376	723,376
Investments held by Parasol Tahoe Community Foundation	225,011	225,011
<b>Total Unrestricted</b>	<u>1,049,187</u>	<u>1,049,187</u>
<b><u>Permanently Restricted</u></b>		
<b><u>Long Term Investments</u></b>		
Investments held by El Dorado Community Foundation	230,262	230,262
Investments held by Parasol Tahoe Community Foundation	214,935	214,935
<b>Total Permanently Restricted</b>	<u>445,197</u>	<u>445,197</u>
<b>Total Investments</b>	<u>\$1,494,384</u>	<u>\$1,494,384</u>

**LEAGUE TO SAVE LAKE TAHOE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

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**NOTE B – INVESTMENTS (Continued)**

During the year ended December 31, 2014, the Organization transferred \$233,500 in permanently restricted assets to the El Dorado Community Foundation (Foundation) for the benefit of the Organization. The Foundation makes all investment decisions and disbursements, if any, to the Organization. At the request of the Board of Directors, from time to time, the Foundation can distribute undistributed earnings consisting of net dividends, interest and realized gains and are reflected in temporarily restricted net assets. The permanently restricted principal portion is to remain at the Foundation and is not accessible by the Organization.

During the year ended December 31, 2015, the Organization transferred \$225,011 and \$214,935 in unrestricted and temporarily restricted assets, respectively, to Parasol Tahoe Community Foundation, Inc. (Parasol) for the benefit of the Organization. At the request of the Board of Directors, from time to time, with respect to the permanently restricted assets Parasol can distribute undistributed earnings consisting of net dividends, interest and realized gains and are reflected in temporarily restricted net assets. The permanently restricted principal portion is to remain at Parasol and is not accessible by the Organization.

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment at December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Land	\$245,122	\$245,122
Building and improvements	570,883	562,973
Furniture, fixtures and equipment	39,656	39,656
Less: accumulated depreciation	(147,290)	(124,932)
	<u>\$708,371</u>	<u>\$722,819</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$22,358 and \$21,124, respectively.

**LEAGUE TO SAVE LAKE TAHOE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)

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**NOTE D – COMMITMENTS**

The League leases office equipment. Future commitments with respect to these leases is as follows for the year ended December 31:

2016	\$9,960
2017	\$9,960
2018	\$1,791

**NOTE E – TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Future operations	\$84,900	\$81,000
	<u>\$84,900</u>	<u>\$81,000</u>

**NOTE F – PERMANENTLY RESTRICTED NET ASSETS**

League to Save Lake Tahoe also maintains two endowed funds of permanently restricted net assets. Permanent restrictions arise when donors contribute money to League to Save Lake Tahoe with a restriction stating the money is to be invested and that the principal is not to be spent. These are considered donor-restricted endowed funds that League to Save Lake Tahoe must hold in perpetuity. Donors may also set a restriction as to the use of the earnings. The income from permanently restricted net assets is considered a temporarily restricted net asset, which becomes unrestricted when it is spent for the purpose, which the donor has designated. These endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. They include net assets permanently restricted for:

	<u>2015</u>	<u>2014</u>
General League Endowments:		
Heller and Lane Endowments	\$530,925	\$448,425
Permanently restricted net assets	<u>\$530,925</u>	<u>\$448,425</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 to Save Lake Tahoe by providing general support to meet its operating needs, as determined by the League to Save Lake Tahoe's Board of Directors.

**LEAGUE TO SAVE LAKE TAHOE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**  
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**NOTE F – PERMANENTLY RESTRICTED NET ASSETS (Continued)**

During the year ended December 31, 2015, the League received \$82,500 in additional Endowment contributions. All contribution received have the same stipulations set forth in the original endowments.

Up to 4% of the funds may be spent annually based on the Fund's average fair market value, as averaged over the trailing 12 quarters.

**Interpretation of Relevant Law**

The Board of Directors of League to Save Lake Tahoe has interpreted the California State Prudent Management of Institutional Funds Act (Uniform Act) as requiring the preservation of the fair value of the original gift as of the gift date. As a result of this interpretation, League to Save Lake Tahoe classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by League to Save Lake Tahoe in a manner consistent with the standard of prudence described in the Uniform Act. In accordance with the Uniform Act, League to Save Lake Tahoe considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of League to Save Lake Tahoe and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effects of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the League to Save Lake Tahoe
- (7) The investment policies of League to Save Lake Tahoe

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Uniform Act requires to be retained as perpetual funds. Such deficiencies are reflected as decreases in unrestricted or temporarily restricted net assets for the period.



**LEAGUE TO SAVE LAKE TAHOE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)**

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**NOTE F – PERMANENTLY RESTRICTED NET ASSETS (Continued)**

**Return Objective and Risk Parameters**

The League to Save Lake Tahoe 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. League to Save Lake Tahoe 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.

**Strategies Employed for Achieving Objectives**

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

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

League to Save Lake Tahoe 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, League to Save Lake Tahoe considered the long-term expected return on its endowment. Accordingly, over the long term, League to Save Lake Tahoe 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 G – 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, 2015 was \$32,620, and is reflected in the accompanying Statement of Financial Position in the accounts payable and accrued expenses.

**LEAGUE TO SAVE LAKE TAHOE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014)**

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**NOTE H – SUBSEQUENT EVENTS**

Management has evaluated subsequent events for recognition and disclosure through February 11, 2016, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2015 that required recognition or disclosure in the financial statements.