

Save-the-Redwoods League

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

for the year ended March 31, 2007
with comparative totals for 2006

SAVE-THE-REDWOODS LEAGUE

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Building your future

INDEPENDENT AUDITORS' REPORT

The Audit Committee of
Save-the-Redwoods League

We have audited the accompanying statement of financial position of Save-the-Redwoods League (a nonprofit organization) (the League) as of March 31, 2007, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the League's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the League's 2006 financial statements and, in our report dated June 1, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save-the-Redwoods League as of March 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Burr Pilger & Mayer LLP

San Francisco, California
July 24, 2007

Member of The Leading Edge Alliance

SAVE-THE-REDWOODS LEAGUE
STATEMENT OF FINANCIAL POSITION
 March 31, 2007
 with comparative totals for 2006

ASSETS	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 2,969,443	\$ 980,144
Restricted cash and cash equivalents	329,202	-
Interest receivable	524,934	161,753
Contributions receivable	2,006,661	1,505,197
Other receivable	899,861	10,322
Investments	51,805,895	51,743,743
Real estate held	4,662,980	11,849,150
Contributions receivable from irrevocable trusts	2,190,087	2,102,141
Property and equipment, net	103,869	97,494
Deposits on land purchase	12,000	1,000
Other assets	38,462	54,467
Endowment cash	<u>368,481</u>	<u>362,342</u>
Total assets	<u>\$ 65,911,875</u>	<u>\$ 68,867,753</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 718,288	\$ 384,983
Notes payable	<u>500,000</u>	<u>500,000</u>
Total liabilities	<u>1,218,288</u>	<u>884,983</u>
Net assets:		
Unrestricted	41,149,458	37,400,493
Temporarily restricted	23,175,648	30,219,935
Permanently restricted	<u>368,481</u>	<u>362,342</u>
Total net assets	<u>64,693,587</u>	<u>67,982,770</u>
Total liabilities and net assets	<u>\$ 65,911,875</u>	<u>\$ 68,867,753</u>

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

SAVE-THE-REDWOODS LEAGUE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

for the year ended March 31, 2007

with comparative totals for 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2007	Total 2006
Revenue and public support:					
Contributions:					
Donations	\$ 3,253,789	\$ 770,000	\$ 6,139	\$ 4,029,928	\$ 2,813,557
Program and land acquisition contributions	-	1,318,221	-	1,318,221	10,980,087
Reforestation, restoration, research, and other contributions	-	565,742	-	565,742	176,036
In-kind contributions	3,167	-	-	3,167	12,937
Change in value of irrevocable trusts	-	215,510	-	215,510	275,612
Donated land	-	-	-	-	575,000
Income from investments	2,756,819	28,110	-	2,784,929	1,504,619
Gain on revaluation of land	4,147,293	-	-	4,147,293	308,000
Gain on sale of land	-	-	-	-	721,605
Other income	9,884	-	-	9,884	7,560
Net assets released from restrictions	<u>9,941,870</u>	<u>(9,941,870)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and public support	<u>20,112,822</u>	<u>(7,044,287)</u>	<u>6,139</u>	<u>13,074,674</u>	<u>17,375,013</u>
Expenses:					
Program services:					
Land deeded to the State of California	11,084,463	-	-	11,084,463	8,741,000
Land deeded to the United States of America	-	-	-	-	1,700,005
Redwood land program support	1,995,990	-	-	1,995,990	1,684,229
Cooperative preservation grants	150,000	-	-	150,000	45,325
Education and research grants	206,223	-	-	206,223	178,508
Redwood reforestation grants	45,000	-	-	45,000	-
Other grants	<u>143,931</u>	<u>-</u>	<u>-</u>	<u>143,931</u>	<u>50,052</u>
Total program services	<u>13,625,607</u>	<u>-</u>	<u>-</u>	<u>13,625,607</u>	<u>12,399,119</u>
Support services:					
General and administrative	1,172,395	-	-	1,172,395	971,392
Fund-raising	<u>1,565,855</u>	<u>-</u>	<u>-</u>	<u>1,565,855</u>	<u>1,545,714</u>
Total support services	<u>2,738,250</u>	<u>-</u>	<u>-</u>	<u>2,738,250</u>	<u>2,517,106</u>
Total expenses	<u>16,363,857</u>	<u>-</u>	<u>-</u>	<u>16,363,857</u>	<u>14,916,225</u>
Increase (decrease) in net assets	3,748,965	(7,044,287)	6,139	(3,289,183)	2,458,788
Net assets, beginning of year	<u>37,400,493</u>	<u>30,219,935</u>	<u>362,342</u>	<u>67,982,770</u>	<u>65,523,982</u>
Net assets, end of year	<u>\$ 41,149,458</u>	<u>\$ 23,175,648</u>	<u>\$ 368,481</u>	<u>\$ 64,693,587</u>	<u>\$ 67,982,770</u>

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

SAVE-THE-REDWOODS LEAGUE

STATEMENT OF CASH FLOWS

for the year ended March 31, 2007
with comparative totals for 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (3,289,183)	\$ 2,458,788
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Land deeded	12,156,463	10,621,000
Gain on sale of land	-	(721,605)
Gain on revaluation of land	(4,147,293)	(308,000)
Loss (gain) on sale of property and equipment	2,891	4,537
Depreciation	33,404	42,018
Loss on sale of investments	20,129	64,940
Net unrealized loss (gain) on investments	83,953	(142,529)
Donated land	-	(575,000)
Donated investments	(238,645)	(337,299)
Permanently restricted contributions received	(6,139)	(5,000)
Changes in:		
Interest receivable	(373,503)	(61,061)
Contributions receivable	(501,464)	1,282,388
Contributions receivable from irrevocable trusts	(87,946)	(294,883)
Other receivable	(889,539)	(10,322)
Other assets	26,327	6,815
Accounts payable and accrued liabilities	333,305	(62,363)
Net cash provided by operating activities	<u>3,122,760</u>	<u>11,962,424</u>
Cash flows from investing activities:		
Purchase of investments	(165,470,741)	(74,724,962)
Proceeds from maturities of investments	165,543,152	64,641,706
Proceeds on sale of land	-	5,878,801
Acquisition of redwood lands	(823,000)	(8,049,920)
Acquisition of property and equipment	(42,670)	(82,174)
Deposits on land purchase	(11,000)	139,000
Net cash used in investing activities	<u>(804,259)</u>	<u>(12,197,549)</u>
Cash flows from financing activities:		
Payments on notes payable	-	(180,000)
Net cash (used in) provided by financing activities	<u>-</u>	<u>(180,000)</u>
Net decrease in cash and cash equivalents	2,318,501	(415,125)
Cash and equivalents, beginning of year	<u>980,144</u>	<u>1,395,269</u>
Cash and equivalents, end of year	<u>\$ 3,298,645</u>	<u>\$ 980,144</u>
Cash paid for interest	<u>\$ -</u>	<u>7,500</u>

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

SAVE-THE-REDWOODS LEAGUE

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

Save-the-Redwoods League (the League) exists to purchase and protect redwood forest lands in public parks in California, to encourage and support reforestation and conservation of California redwood forest areas, and to foster and encourage a better understanding of the value of the primeval forests of America.

Many purchases of forest land require several years for completion because of their scale and complexity. The League may hold some land (reflected as real estate held) for several years before transfer to public ownership. These lands and forests are protected at the time of purchase and the League remains a steward of those lands until they are able to be transferred to a public agency for permanent protection. Programmatic accomplishment is only recognized at the time of divestment of the property, therefore program service expenses may vary significantly from one year to the next, without a commensurate reduction in support service costs. The supplemental schedule on page 15 provides additional context for review of programmatic accomplishments over a three year period.

The value of real estate held may increase during the period of time the League holds land. On transfer of the property to the California Department of Parks and Recreation, or other agency partner, the League records the transaction at fair value of the land on the date of transfer and recognizes a gain or loss equivalent to the increase in value during the holding period.

The League has developed a Master Plan for the Redwoods that documents the scientific criteria for evaluating lands that are available for purchase in the coastal redwood range. The highest priority is given to lands that include any of the remaining 4% of the original ancient redwood forest strategically located to enhance the values of currently protected forest lands. Watershed protection and landscape-scale connections are also high priorities.

The League maintains liquidity sufficient to respond to conservation opportunities.

2. **Summary of Significant Accounting Policies**

Basis of Presentation

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the League are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net assets that are in accordance with specified activities or objectives.

Accordingly, all financial transactions have been recorded and reported by net assets group as follows:

- **Unrestricted.** These generally result from revenues generated by providing services, receiving unrestricted contributions, receiving interest from bank(s), receiving net realized and unrealized gains or losses from investments less expenses incurred in providing related services, raising contributions, and performing administrative functions.

SAVE-THE-REDWOODS LEAGUE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

- **Temporarily Restricted.** Save-the-Redwoods League reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is met, that is, when a stipulated time restriction ends or 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.
- **Permanently Restricted.** These stipulate that resources be maintained permanently but permit the League to use up or expend all of the income (or other economic benefits) derived from the donated assets.

Revenue Recognition

The financial statements of the League have been prepared on the accrual basis of accounting.

Contributions are recognized when the donor makes a promise to give to the League that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Cash from conditional gifts received prior to the conditions being met is classified as deferred income.

Unconditional promises to give due within one year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using the average rate the League is earning on its investments.

Donated Land

Donated land is recognized as support and is recorded at its estimated fair value as appraised by third-party consultants at the date of the donation.

Contributed Services and Goods

Contributed professional services are recognized as in-kind revenues at their estimated fair value if they require specialized skills that would need to be purchased if they were not donated. Contributed goods are recognized as in-kind revenues at their estimated fair value. For the year ended March 31, 2007, the League recognized in-kind services of \$2,405 for legal and architectural services. For the year ended March 31, 2007, the League recognized in-kind goods of \$762.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and all highly liquid investments (primarily commercial paper) with original maturities of three months or less at date of purchase.

Continued

SAVE-THE-REDWOODS LEAGUE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents is included in the cash and cash equivalents line item on the Statement of Financial Position. These funds are required to be held in separate bank accounts and are restricted for the purpose of monitoring an easement to protect Marbled Murrelets, an endangered species of bird that nests in the ancient Redwoods, and also to cover administrative costs of monitoring this easement. The balance at March 31, 2007 is \$329,202.

Investments

Investments are carried at estimated fair value based on quoted market prices. Investments received through gifts are recorded at estimated fair value at the date of donation. Gains or losses that result from market fluctuations are recognized in the period such fluctuations occur. For the year ended March 31, 2007, the League received \$240,645 in donated investments.

Property and Equipment

Property and equipment purchased are stated at cost and are capitalized if these expenditures are over \$3,000. Assets acquired by contribution or bequest are stated at market value at the date of acquisition.

Depreciation is provided using the straight-line method over the estimated useful life of three to five years. Maintenance and repairs are charged to expense as incurred.

Leasehold improvements are recorded at cost and amortized over the shorter of their estimated useful lives or the terms of the applicable lease.

Real Estate Held

Real estate held is recorded at cost, if purchased, or estimated fair value at the date of the gift, if donated. The carrying amount of real estate acquired in prior periods is revised when current data indicates that a significant decrease in value has occurred. No such revaluations occurred during the year ended March 31, 2007.

The majority of the League's real estate held is intended to be transferred to the California State Parks (the State). Transfer of property to the State is a lengthy process. Consistent with its historic business model, the League is seeking State matching funds for private funds contributed.

Transfer of the land to the State, or other conservation partner, is recognized at fair value of the land transferred on the date of transfer. A gain or loss is recorded for the difference between the fair value and the carrying amount of the land. Temporarily restricted net assets are released from restriction based on historical cost of the property.

SAVE-THE-REDWOODS LEAGUE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Easement Policy

Conservation easements are expensed as a program expense in the period they are purchased or donated to the League. At March 31, 2007, the League did not incur any expenses related to acquiring new easements.

Functional Expense Allocations

Expenses such as depreciation, supplies, travel, personnel, and occupancy costs, are allocated among program services, general and administrative, and fund-raising classifications on the basis of time estimates, head counts, and other criteria determined by the League's management.

Income Tax Status

The League has been granted tax-exempt status as provided by the Internal Revenue Code Section 501(c)3 and Section 23701(d) of the California Revenue and Taxation Code. In addition, the League has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. As a result, the League is exempt from paying any income taxes, and thus no provision for income taxes has been reflected in these financial statements. In addition, the League has filed with the Internal Revenue Service to make limited expenditures to influence legislation as allowed under Section 501(h) of the Internal Revenue 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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Estimates

Changes in accounting estimates are common in practice and result from new events or occur as the League gains more experience or obtains additional information. Changes in estimates are reported in the period the estimate is revised or in both the current and future periods if the change affects future periods. At March 31, 2007, the League had a change in estimate related to an irrevocable trust that was donated to the League in 2003. The effect of this would be to increase unrestricted contributions and contributions receivable by \$235,380 at March 31, 2007.

Reclassification

Certain reclassifications have been made to the prior year's numbers in order to conform to the presentation in the current year.

Continued

SAVE-THE-REDWOODS LEAGUE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Comparative 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the League's financial statements for the year ended March 31, 2006, from which the summarized information was derived.

3. Cash and Cash Equivalents

The League's cash and cash equivalents at March 31, 2007 are as follows:

Money market fund	\$2,427,214
Demand deposits	541,979
Restricted cash	329,202
Petty cash	<u>250</u>
	<u>\$3,298,645</u>
Endowment fund—money market account	<u>\$ 368,481</u>

4. Investments

The cost and estimated fair value of the investment portfolio as of March 31, 2007 is invested as follows:

	Fair <u>Market Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 3,885,384	\$ 3,885,384
U.S. Government and agency obligations	45,894,049	45,908,090
Commercial paper	1,987,506	1,996,745
Stocks	<u>38,956</u>	<u>45,833</u>
	<u>\$51,805,895</u>	<u>\$51,836,052</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended March 31, 2007:

Dividends and interest	\$2,889,024
Loss on sale of investments	(20,142)
Unrealized loss	<u>(83,953)</u>
	<u>\$ 2,784,929</u>

Investment fees for the year ended March 31, 2007 amounted to \$65,705.

Continued

SAVE-THE-REDWOODS LEAGUE

NOTES TO FINANCIAL STATEMENTS

5. Contributions Receivable from Irrevocable Trusts

The League is the remainder beneficiary of various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the League's use. The portion of the trust attributable to the future interest of the League is recorded in the statement of activities as temporarily restricted contributions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair market value as contributions receivable from irrevocable trusts. The present value of the estimated future payments is calculated using an assumed investment rate of return between 0-7.5%, a discount rate of 5-6%, and the applicable mortality tables.

6. Property and Equipment

The League's property and equipment consist of the following at March 31, 2007:

Office equipment	\$ 272,664
Leasehold improvements	<u>3,796</u>
	276,460
Less accumulated depreciation	<u>(172,591)</u>
	<u>\$ 103,869</u>

Depreciation expense for the year ended March 31, 2007 was \$33,404.

7. Notes Payable

Notes payable (uncollateralized) consist of the following at March 31, 2007:

Note payable, interest at 1.5% per annum (6.5% imputed interest), maturing on December 9, 2007	<u>\$500,000</u>
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Interest expense for the year ended March 31, 2006 was \$40,000.

8. Commitments and Contingencies

The League leases office space under a noncancelable operating lease expiring in December 2014. The League also leases office equipment under two noncancelable operating leases expiring in October 2007 and January 2008. Under the terms of these leases, the League is obligated to pay escalation rentals. Minimum future rental payments under the lease are summarized as follows:

Continued

SAVE-THE-REDWOODS LEAGUE

NOTES TO FINANCIAL STATEMENTS

8. Commitments and Contingencies, continued

Years ending March 31:	
2008	\$ 181,534
2009	187,792
2010	194,947
2011	202,101
2012	209,254
Thereafter	<u>611,667</u>
	<u>\$1,587,295</u>

Rent expense for the year ended March 31, 2007 was \$212,534.

9. Environmental Remediation Obligation

At March 31, 2007, the League held a parcel of land in Humboldt County which, prior to the League's acquisition, had fuel station containments. Subsequent to year end, this parcel of land was sold to a third party with a retained conservation easement. As part of the sale agreement, the League agreed to pay 50% of the costs related to work plan preparation, monitoring, active remediation, and well closure. The ultimate goal is to obtain a no further action (NFA) letter from Humboldt County. At March 31, 2007, the League has accrued the maximum potential liability regarding its obligation, which is presented under the caption accrued liabilities in the accompanying Statement of Financial Position. The League's funding commitment to fund expires on June 30, 2012, or the date the county issues the NFA, whichever is sooner. At March 31, 2007, the League's accrued liability related to this is \$174,800.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

Time restricted	\$ 1,144,859
Program activities	<u>22,030,788</u>
Total temporarily restricted net assets	<u>\$23,175,647</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purposes restriction accomplished:	
Land deeded to the State of California	\$11,084,463
Redwood land program support	1,995,990
Time restriction	463,556
Grants	<u>545,154</u>
	14,089,163
Gain over historical cost of land	<u>(4,147,293)</u>
	<u>\$ 9,941,870</u>

Continued

SAVE-THE-REDWOODS LEAGUE

NOTES TO FINANCIAL STATEMENTS

10. Permanently Restricted Net Assets

Net assets were permanently restricted for future operations of the League. An additional \$6,139 of permanently restricted contributions was received for the year ended March 31, 2007, creating a net asset balance of \$368,481 as of March 31, 2007.

11. Conditional Grants

Subsequent to year end, the League received restricted grants totaling \$1,873,192 from an irrevocable trust. However, due to legal restrictions on this trust, this is considered to be a conditional grant at March 31, 2007. Since this represents a conditional promise to give, it is not recorded as contribution revenue until the conditions are met.

12. Employee Benefit Plans

Prior to February 28, 2002, the League had a defined benefit pension plan (the DBP Plan) covering all of its employees. The benefits were based upon years of service and the employee's average monthly compensation over the highest paid five consecutive plan years. Employees became eligible for the Plan on the first day of the plan year following a minimum of one year of service.

On February 28, 2002, the Board of Directors approved curtailment of further benefit accrual under the DBP Plan. On December 13, 2002, the Board of Directors authorized its officers to terminate the DBP Plan and distribute plan assets in accordance with law. As of March 31, 2006, the Board of Directors authorized the League to lower the running costs of the Plan, set an aggressive investment policy, and make the first of three annual contributions to fully fund the Plan in preparation for its termination. The expense recognized for the year ended March 31, 2007 was \$265,774.

The following table sets forth the funded status of the Plan as of and for the year ended March 31, 2007:

Benefit obligation	\$ (1,186,015)
Fair value of plan assets	<u>1,226,743</u>
Funded status	40,728
Unrecognized net loss	<u>225,046</u>
Prepaid (accrued) benefit cost recognized in the statement of financial position	\$ 265,774
Less amount expensed in 2007	<u>265,774</u>
Total	<u><u>-</u></u>
Weighted average assumptions as of March 31, 2007:	
Discount rate	<u>6.00%</u>
Expected return on plan assets	<u>7.00%</u>
Expense	<u>\$ 135,000</u>

Continued

SAVE-THE-REDWOODS LEAGUE

NOTES TO FINANCIAL STATEMENTS

12. **Employee Benefit Plans**, continued

Effective on October 1, 2002, the League established a defined contribution retirement plan (401(k) Plan) under Section 401(k) of the Internal Revenue Code. The 401(k) Plan covers all employees, except hourly, of the League after six months of service and provides for voluntary salary deferrals up to certain amounts. The League may elect to make various types of matching contributions as prescribed under the 401(k) Plan agreement. During 2007, the Board of Directors approved a 3% safe harbor contribution and a 5% employer matching contribution. The total expense related to the 401(k) Plan was \$102,948 for the year ended March 31, 2007.

FASB Statement No. 158 requires that the full funding status of defined benefit pension and other postretirement plans be recognized on the balance sheet as an asset (for overfunded plans) or as a liability (for underfunded plans). In addition, FASB Statement No. 158 calls for recognition in other comprehensive income of gains or losses and prior service costs or credits that are yet not included as components of expense. Finally, FASB Statement 158 requires that the measurement of defined benefit plan assets and obligations be as of the balance sheet date. The date that which a non-public entity must adopt the recognition provisions of FASB Statement 158 as of the fiscal year ending after June 15, 2007.

13. **Joint Costs**

For the year ending March 31, 2007, the League incurred joint costs of \$95,587 for informational materials and activities that included fund-raising appeals. The League allocated \$23,731 to general and administrative expense, \$15,163 to fund-raising expense, and \$56,693 to program expense.

14. **Concentration of Credit Risk**

Cash

At March 31, 2007, the League maintains cash and cash equivalents of approximately \$3,013,727 in excess of the federally insured limit of \$100,000 at various major financial institutions.

Investments

At March 31, 2007, the League maintains money market and commercial paper accounts with two banks of approximately \$5,672,890 in excess of the federally insured limit of \$100,000 at various major financial institutions. The League also had 89% of total investments in U.S. Government bonds.

Revenue and Receivables

The League's revenue is derived from individual contributions from throughout North America, state and federal grants, and investment income. For the year ended March 31, 2007, there were no individually significant contributions.

As of March 31, 2007, two irrevocable trusts comprised 77% of the contributions receivable from irrevocable trusts.

As of March 31, 2007, three bequests comprised 57% of the contributions receivable balance.

SUPPLEMENTARY INFORMATION



Building your future

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

The Audit Committee of
Save-the-Redwoods League

Our report on our audits of the basic financial statements of Save-the-Redwoods League for the year ended March 31, 2007, appears on page 1. We conducted our audit for the purpose of forming an opinion on such financial statements taken as a whole. The schedule of functional expenses for the year ended March 31, 2007 with comparative totals for March 31, 2006 and schedule of the three-year comparative statements of activities for the years ended March 31, 2007, 2006, and 2005 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the years ended March 31, 2007 taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the statements of financial position of Save-the-Redwoods League as of March 31, 2007, 2006 and 2005 and the related statements of activities and cash flows for the years then ended, and we expressed unqualified opinions on those financial statements. In our opinion, the schedule for the comparative statement of activities for the years ended March 31, 2007, 2006 and 2005 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Burr Pilger & Mayer LLP

San Francisco, California
July 24, 2007

Member of The Leading Edge Alliance

SAVE-THE-REDWOODS LEAGUE
SUPPLEMENTAL SCHEDULE
SCHEDULE OF FUNCTIONAL EXPENSES
for the year ended March 31, 2007
with comparative totals for 2006

	Program Services	General and Administrative	Fund- raising	Total 2007	Total 2006
Contributions of Land and Other Grants	\$11,629,617	-	-	\$11,629,617	\$10,894,890
Salaries & benefits	805,255	\$ 570,402	\$ 682,155	2,057,812	2,063,794
Printing & publications	62,828	18,289	495,730	576,847	573,297
Appraisals & closing costs	344,937	-	-	344,937	131,127
Services & fees	39,492	230,714	58,200	328,406	210,384
Lobbying	222,000	-	-	222,000	4,886
Occupancy	74,727	61,635	76,172	212,534	185,978
Other project costs	180,848	2,723	-	183,571	107,020
Payroll taxes	48,585	33,143	40,554	122,282	118,364
Professional fundraising fees	-	-	82,010	82,010	58,986
Travel	40,049	22,655	16,269	78,973	63,372
Legal fees	36,895	38,113	3,400	78,408	70,428
Investment fees	-	65,705	-	65,705	56,883
Conferences & meetings	12,647	23,245	26,321	62,213	50,171
Insurance	18,062	13,919	17,940	49,921	51,423
Postage & shipping	24,691	7,676	15,813	48,180	32,270
Accounting fees	-	43,946	-	43,946	27,810
Interest	40,000	-	-	40,000	36,513
Depreciation	12,086	9,314	12,004	33,404	42,018
Supplies	8,422	6,052	8,738	23,212	26,558
Equipment rental & maintenance	3,121	4,985	10,409	18,515	33,851
Furniture & Equipment	4,999	4,731	5,554	15,284	23,054
Miscellaneous expenses	2,681	9,407	2,447	14,535	15,448
Telephone	4,380	3,377	4,893	12,650	11,294
Consultants	9,285	1,620	-	10,905	11,853
Other fundraising costs	-	744	7,246	7,990	14,553
	<u>\$ 13,625,607</u>	<u>\$ 1,172,395</u>	<u>\$ 1,565,855</u>	<u>\$ 16,363,857</u>	<u>\$ 14,916,225</u>
Total					

The accompanying notes are an integral
part of this supplemental schedule.

SAVE-THE-REDWOODS LEAGUE
SUPPLEMENTAL SCHEDULE
THREE-YEAR COMPARATIVE STATEMENTS OF ACTIVITIES
for the years ended March 31, 2007, 2006, and 2005

	2007	2006	2005	Three-Year Total
Revenue and public support:				
Contributions:				
Donations	\$ 4,029,928	\$ 2,813,557	\$ 4,050,587	\$ 10,894,072
Program and land acquisition contributions	1,318,221	10,980,087	8,965,165	21,263,473
Reforestation, restoration, research and other contributions	565,742	176,036	251,802	993,580
In-kind contributions	3,167	12,937	-	16,104
Change in value of irrevocable trusts	215,510	275,612	(40,941)	450,181
Donated land	-	575,000	-	575,000
Grants from state and federal agencies	-	-	-	-
Income from investments	2,784,929	1,504,619	543,539	4,833,087
Gain on revaluation of land	4,147,293	308,000	806,721	5,262,014
Gain on sale of land	-	721,605	-	721,605
Other income	9,884	7,560	5,583	23,027
Total revenue and public support	<u>13,074,674</u>	<u>17,375,013</u>	<u>14,582,456</u>	<u>45,032,143</u>
Expenses:				
Program services:				
Land deeded to State of California	11,084,463	8,741,000	3,695,385	23,520,848
Land deeded to the United States of America	-	1,700,005	4,879,000	6,579,005
Redwood land program support	1,995,990	1,684,229	1,231,337	4,911,556
Cooperative preservation grants	150,000	45,325	300,000	495,325
Education and research grants	206,223	178,508	172,907	557,638
Redwood reforestation grants	45,000	-	45,000	90,000
Other grants	143,931	50,052	270,057	464,040
Total program services	<u>13,625,607</u>	<u>12,399,119</u>	<u>10,593,686</u>	<u>36,618,412</u>
Support services:				
General and administrative	1,172,395	971,392	970,894	3,114,681
Fund-raising	1,565,855	1,545,714	1,348,088	4,459,657
Total support services	<u>2,738,250</u>	<u>2,517,106</u>	<u>2,318,982</u>	<u>7,574,338</u>
Total expenses	<u>16,363,857</u>	<u>14,916,225</u>	<u>12,912,668</u>	<u>44,192,750</u>
Increase (decrease) in net assets	<u>\$ (3,289,183)</u>	<u>\$ 2,458,788</u>	<u>\$ 1,669,788</u>	<u>\$ 839,393</u>

The accompanying notes are an integral
part of this supplemental schedule