

Save the Redwoods League

March 31, 2025

Financial Statements

Save the Redwoods League

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Independent Auditors' Report

THE AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS
SAVE THE REDWOODS LEAGUE
San Francisco, California

Opinion

We have audited the financial statements of **SAVE THE REDWOODS LEAGUE (the League)**, which comprise the statement of financial position as of March 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the League as of March 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the League's ability to continue as a going concern for one year from the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the League's March 31, 2024 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated August 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strongy LLP

San Francisco, California
September 22, 2025

Save the Redwoods League

Statement of Financial Position (in thousands)

<i>March 31, 2025 (with comparative totals for 2024)</i>	2025	2024
Assets		
Cash and cash equivalents	\$ 30,533	\$ 15,528
Government contracts receivable	2,713	1,228
Contributions receivable, net	3,833	3,033
Bequests receivable, net	6,371	4,800
Investments	81,346	68,516
Prepaid expenses and other assets	890	912
Deposits on land transactions	2,400	
Property and equipment, net	110	262
Charitable trust assets	3,457	3,640
Operating lease right-of-use assets	714	727
Real estate held	76,139	112,723
Total assets	\$ 208,506	\$ 211,369
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,624	\$ 4,715
Notes payable	4,500	13,367
Refundable advances	1,000	500
Liabilities under unitrust agreements	263	272
Operating lease liabilities	884	824
Total liabilities	9,271	19,678
Net Assets:		
Without donor restrictions:		
Undesignated	31,541	9,389
Board designated	106,600	103,600
Total net assets without donor restrictions	138,141	112,989
With donor restrictions	61,094	78,702
Total net assets	199,235	191,691
Total liabilities and net assets	\$ 208,506	\$ 211,369

See accompanying notes to the financial statements.

Save the Redwoods League

Statement of Activities and Changes in Net Assets (in thousands)

Year Ended March 31, 2025 (with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Revenue and Public Support:				
Contributions and grants	\$ 6,050	\$ 16,065	\$ 22,115	\$ 16,180
Bequests	7,922	215	8,137	8,768
Government contract revenue		14,286	14,286	6,456
Special event revenue, net of expenses of \$252	285	273	558	-
Change in value of split interest agreements		313	313	280
Biomass revenue	12,026		12,026	8,899
Other income	824		824	494
Net assets released from restrictions	17,982	(17,982)	-	-
Total operating revenue and public support	45,089	13,170	58,259	41,077
Operating Expenses:				
Program services	37,677		37,677	28,956
General and administrative	5,724		5,724	3,605
Development	5,012		5,012	4,982
Total operating expenses	48,413	-	48,413	37,543
Change in net assets related to operating activities	(3,324)	13,170	9,846	3,534
Land Transactions and Conservation Easements:				
Government contract revenue			-	12,920
Contributions and grants			-	521
Contribution of land value granted	(9,815)		(9,815)	-
Land stewardship grant	(2,000)		(2,000)	-
Conservation easement acquisition			-	(15,041)
Land deeded to others			-	(80)
Change in value of land	5,055		5,055	65
Net assets released from restrictions	31,066	(31,066)	-	-
Change in net assets related to land transactions and conservation easements	24,306	(31,066)	(6,760)	(1,615)
Other Changes in Net Assets:				
Investment income, net	4,170	288	4,458	8,500
Employee retention tax credit			-	1,555
Carbon project termination			-	(2,317)
Change in other changes in net assets	4,170	288	4,458	7,738
Change in Net Assets	25,152	(17,608)	7,544	9,657
Net Assets, beginning of year	112,989	78,702	191,691	182,034
Net Assets, end of year	\$ 138,141	\$ 61,094	\$ 199,235	\$ 191,691

See accompanying notes to the financial statements.

Save the Redwoods League

Statement of Functional Expenses (in thousands)

Year Ended March 31, 2025 (with comparative totals for 2024)

	2025						2024	
	Protect	Restore	Connect	Total Program Services	General and Administrative	Development	Total	Total
Operating Expenses:								
Salaries and benefits	\$ 2,419	\$ 1,821	\$ 1,598	\$ 5,838	\$ 2,387	\$ 2,542	\$ 10,767	\$ 10,129
Professional restoration and stewardship services	294	23,429	23	23,746			23,746	15,712
Professional services and fees	781	722	203	1,706	951	1,070	3,727	3,175
Project management fees	623	1,190	541	2,354			2,354	2,144
Grants	360	1,223	246	1,829	500		2,329	1,356
Marketing and public relations	113	159	56	328	606	605	1,539	1,440
Rent and office expenses	217	205	146	568	369	231	1,168	980
Meetings and events	18	18	37	73	305	133	511	193
Travel and meetings	115	190	56	361	74	119	554	523
Other expenses	107	148	13	268	272	75	615	683
Technology and equipment	66	50	45	161	194	169	524	580
Property taxes and interest expense	257	25		282			282	305
Depreciation expense	35	21	23	79	36	37	152	184
Insurance	36	29	19	84	30	31	145	139
Total operating expenses	5,441	29,230	3,006	37,677	5,724	5,012	48,413	37,543
Land Transactions and Conservation Easements:								
Land stewardship grant	2,000			2,000			2,000	-
Contribution of land value granted	9,815			9,815			9,815	-
Conservation easement acquisition				-			-	15,041
Land deeded to others				-			-	80
Total land transactions and conservation easements	11,815	-	-	11,815	-	-	11,815	15,121
Other Expenses:								
Carbon project termination							-	2,317
Special event expenses						252	252	
Total other expenses	-	-	-	-	-	252	252	2,317
Total Expenses	\$ 17,256	\$ 29,230	\$ 3,006	\$ 49,492	\$ 5,724	\$ 5,264	\$ 60,480	\$ 54,981

See accompanying notes to the financial statements.

Save the Redwoods League

Statement of Cash Flows (in thousands)

<i>Year Ended March 31, 2025 (with comparative totals for 2024)</i>	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 7,544	\$ 9,657
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Fair value of real estate acquired	(18,482)	(6,245)
Proceeds from sale of land	50,306	150
Depreciation	152	184
Change in value of land	(5,055)	(65)
Contribution of land value granted	9,815	
Net realized and unrealized gain on investments	(1,972)	(6,441)
Land deeded to others		80
Amortization of operating lease right-of-use assets	750	759
Changes in:		
Government contracts, contributions and bequests receivable	(3,856)	6,404
Prepaid expenses and other assets	22	(179)
Deposits for land transactions	(2,400)	166
Charitable trust assets	183	(319)
Accounts payable and accrued expenses	(2,091)	2,799
Refundable advances	500	
Liabilities under unitrust agreements	(9)	19
Operating lease liabilities	(677)	(862)
Net cash provided by operating activities	34,730	6,107
Cash Flows from Investing Activities:		
Purchase of investments	(19,096)	(10,028)
Proceeds from sale of investments	8,238	6,514
Purchase of property and equipment		(10)
Net cash used in investing activities	(10,858)	(3,524)
Cash Flows from Financing Activities:		
Proceeds from notes payable	4,500	2,000
Payments on notes payable	(13,367)	(1,730)
Proceeds from line of credit	2,500	
Payments on line of credit	(2,500)	
Net cash (used in) provided by financing activities	(8,867)	270
Net Change in Cash and Cash Equivalents	15,005	2,853
Cash and Cash Equivalents, beginning of year	15,528	12,675
Cash and Cash Equivalents, end of year	\$ 30,533	\$ 15,528
Supplemental Information:		
Cash paid during the year for:		
Interest	\$ 181	\$ 161
Operating leases	\$ 699	\$ 896
Non-cash transactions from operating activities:		
Operating lease right-of-use assets financed by lease liabilities	\$ 737	

See accompanying notes to the financial statements.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 1 - Organization:

Save the Redwoods League (the League) is a nonprofit organization working to revive California's redwood range — from the coast redwood forests to the giant sequoias. As a leader in forest conservation, the League works with partners to secure and restore redwood landscapes, creating healthy ecosystems, thriving communities, and lasting benefits for generations to come. Since 1918, the League has protected 220,000 acres, created 66 parks and preserves, and restored 13,000 acres of redwood forests.

Achieving these conservation milestones, however, involves a complex and often lengthy process. The transaction cycle in land conservation can require several years to complete due to its intricacies. In general, the League may hold and steward land (reflected as real estate held) for many years before transferring it to a governmental agency, conservation partner, or other appropriate permanent steward for ongoing stewardship, public access, and permanent protection. Programmatic accomplishment is only recognized when the property is divested or a conservation easement is acquired and, therefore, program service expenses may vary significantly from one year to the next, without a commensurate reduction in support service costs. The League monitors all conservation easements annually.

Note 2 - Significant Accounting Policies:

Basis of Accounting and Presentation

The League uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and reports information regarding its financial position and activities according to two classes of net assets.

Net Assets without donor restrictions: the portion of net assets that is subject to neither time nor other donor-imposed restrictions and may be expended for any purpose in carrying out the mission of the League. The Board of Directors has designated \$106,600 of net assets without donor restrictions (see Note 7).

Net Assets with donor restrictions: the portion of net assets whose use by the League is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the League. Net assets with donor restrictions also include a portion of net assets consisting of contributions to endowment funds where the donor indicated that a portion of the fund be retained in perpetuity.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Revenue Recognition

Contributions and grants are recognized when the donor/grantor makes an unconditional promise to give to the League. Amounts that are restricted by the donor/grantor are reported as increases in net assets with donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Unconditional promises to give to the League which are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give which are expected to be collected in future years are recorded at the present value of their estimated future cash flows and are discounted at an appropriate discount rate. Amortization of the discounts is included in contribution revenue. The League uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's review of receivables.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met (Note 3).

Contributions from estates and trusts - The League is the beneficiary under various wills and trust agreements. Contributions from estates and trusts are recognized in the League's financial statements on the following basis:

- a) *Estates or Trusts, with no probate*: the League only records bequest revenue for estates or trusts if the notices are received during the fiscal year, and the League has received a copy of the will or trust document and the estate's attorney or trustee has provided an estimated valuation of assets to be distributed.
- b) *Estates or Trusts, with probate*: same as the *Estates or Trusts, with no probate* above, with the additional requirement that the Notification of Probate has been received by the League and is dated at least 120 days prior to March 31.

A 7.5% contingency provision is deducted from the receivables to account for fluctuations in the value of assets and closing costs.

Testamentary pledges - The League receives testamentary pledges, whereby, the donor will fulfill the pledge against their estate upon dissolution. These pledges are discounted to present value using a discount rate of 5% and applicable published actuarial tables. A 7.5% contingency provision has been applied against the outstanding balances at year end.

Government grants - Government grants awarded on a cost reimbursement basis or for a land or conservation easement acquisition are considered conditional grants and the revenue is recognized when the condition is met, that is, when allowable costs have been incurred, or the acquisition has been made.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

The League was awarded grants of \$27,028 that were not recognized at March 31, 2025 because qualifying expenditures or acquisition have not yet materialized (see Note 3).

Biomass revenue - The League restores redwood and giant sequoia forests using proven management practices that reduce wildfire risk and help forests recover from decades of logging and fire suppression. Guided by professional foresters, firefighters, Indigenous tribes, and scientists, this work includes controlled burns, excess vegetation removal, and thinning overly dense stands. Some resulting biomass is locally processed and sold as wood products, mulch, or energy, with proceeds recorded in the League's financial statements. This helps fund the high cost of restoration work, contributing to the program's long-term financial sustainability.

Measure of Operations

The League's measure of operations is its changes in net assets from operating activities, which includes all operating revenues and expenses, except for (a) government grants and involved party contributions, specifically restricted for land and conservation easement acquisitions; (b) expenses directly related to transfers of land and conservation easements; and (c) gains and losses on the sale or revaluation of lands.

Cash and Cash Equivalents

The League considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents and not held for investment purposes.

Investments

Investments are reported at fair value. Changes in fair values and realized gains and losses are reflected in the Statement of Activities and Changes in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned and investment income is reported net of related expenses. Investments received through gifts are recorded at estimated fair value at the date of donation. The League holds restricted investments which are described in Note 4.

Fair Value Measurements

The League carries certain assets and liabilities at 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. The League classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the League has the ability to access at the measurement date.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

Property and Equipment

Property and equipment purchased is stated at cost and is capitalized if these expenditures exceed \$3. 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 asset's estimated useful life ranging from three to ten 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 term of the applicable lease. Property and equipment consist of leasehold improvements with a cost of \$1,373 and accumulated depreciation of \$1,373, and office equipment and vehicles with a cost of \$898 and accumulated depreciation of \$788.

Depreciation expense for the year ended March 31, 2025, was \$152.

Land Transactions and Conservation Easements

Real Estate Held:

Real estate held is recorded at fair value at the date of acquisition. A certified general appraiser determines fair value at the time of the negotiation for the acquisition of real estate from the seller. Except in the rare circumstance that a significant impairment occurs, and its financial impact is evaluated by an appraiser, real estate held remains at the fair value at acquisition until a new appraisal establishes fair value at the time of disposition. It is not an objective of the League to profit from its land transactions.

Net assets with donor restrictions are released from restriction upon the sale or exchange of the related land, or when it is determined that the League will hold a property indefinitely.

The League held a total of 26 properties with a recorded value of \$76,139 as of March 31, 2025. These properties are spread throughout the natural redwood and sequoia ranges. During the year ended March 31, 2025, the League acquired four properties totaling \$18,482 and divested properties with a combined book value of \$55,066.

Land conveyance is recognized at fair value of the land transferred at the time of transfer. A change in value of land is recorded for the difference between the fair value upon transfer date and the carrying amount of the land. A contribution of land value granted is recorded for the difference between the fair value upon transfer date and the consideration received. The League recognized a change in value of land of \$5,055 on the divestitures and made a contribution of land value of \$9,815.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Changes in real estate held during the year ended March 31, 2025, were as follows:

Real estate held, beginning of year	\$ 112,723
Fair market value of real estate acquired	18,482
Book value of properties divested	(55,066)
<hr/>	
Real estate held, end of year	\$ 76,139

Subsequent to year end, the League acquired and immediately conveyed a property for \$24,000 to the County of Sonoma.

Easements:

Conservation easements are expensed as a program expense in the period in which they are acquired or donated to the League. Sales to public agencies of conservation easements on real estate held by the League are recorded as a decrease in the basis of the real estate held in the Statement of Financial Position.

Donated Real Estate:

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

Split Interest Agreements

Held by Others

The League is the residual beneficiary of a number of irrevocable trust agreements held by others. These include charitable remainder trusts (CRT) and charitable gift annuities (CGA). These split interest agreements are generally invested in marketable securities and real estate. The League uses the actuarial method of recording these agreements whereby present value is determined based on the fair value of the assets at year end, the beneficiary payout rate, a discount rate of 6%, investment return of 6%, and the applicable mortality table. A contribution receivable from irrevocable trusts is recorded at the time the gift is established with an increase in contributions with donor restrictions in the Statement of Activities and Changes in Net Assets. The change in valuation of the irrevocable trusts from year to year is recognized in the Statement of Activities and Changes in Net Assets.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

The League is the Trustee

The League is the trustee of two CRTs as of March 31, 2025. Assets held in the CRT are recorded at fair value and a corresponding liability for each split interest agreement is calculated based on the present value of the amount payable to the income beneficiary under terms of the agreement, using an assumed investment rate of 6%, a discount rate of 6%, and applicable mortality tables. The League's net beneficial interest in the split interest agreements is the difference between the assets and the liabilities and is recorded in the Statement of Activities and Changes in Net Assets as contributions with donor restrictions in the period the trust is established.

Due to annual payments being made to current beneficiaries from certain trusts over the trust's term, there is a possibility that the trust's assets will be exhausted before there is any distribution to the League.

Leases

Operating right-of-use lease assets represent the League's right to use an underlying asset during the lease term and operating lease liabilities represent the League's obligation to make payments arising from the lease. Operating leases are recorded in operating right-of-use assets and operating lease liabilities on the Statement of Financial Position. The League does not have any financing leases.

Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The discount rate used to derive the present value is based risk-free rate for a period comparable to the lease term. Renewal periods are included in calculating the right of use assets and liabilities when they are reasonably certain of exercise. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The League made an accounting policy election not to recognize lease assets and liabilities for leases with a term of 12 months or less.

Endowments

Interpretation of Relevant Law

The Board of Directors (the Board) of the League has interpreted the State of California's enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring a goal of reasonable efforts to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the League classifies as net assets with donor restrictions (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts donated to the endowment, and (3) additions to the endowment in accordance with donor directions and 4) the remaining portion of the donor-restricted endowment fund whose use is restricted until those amounts are appropriated for expenditure by the League in a manner consistent with the standard of prudence prescribed by California's enacted version of UPMIFA.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below the historical gift value “corpus”. As of March 31, 2025, the League did not have endowment funds with material deficiencies.

Spending Policy

In accordance with the State of California’s enacted version of UPMIFA, the League considers the following factors in making a determination whether or not to appropriate or accumulate donor-restricted endowment funds:

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

General Endowment

The League has a policy of appropriating for distribution each year an amount of no more than 3% of its endowment fund average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. 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 at an average of 3% annually. This is consistent with the League’s objective to maintain the purchasing power of 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. The endowment of the League is currently in a building stage and the Board believes that there is not a sufficient base from which to spend or appropriate the endowment at this time. As a result, there was no appropriation for spending in 2025.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Fish Run Place Endowments

A grantor established two endowments (the Funds) for the management, maintenance and preservation, and the conservation easement stewardship in perpetuity of the Fish Run Place property (Fish Run Place). The League transferred Fish Run Place to another entity and holds an easement over Fish Run Place. The League manages the Funds for the work to be completed by the entity as required in the Long-Term Management Plan (LTMP). All the earnings from the Funds are intended to provide the funding for the work on Fish Run Place. If the earnings from the Funds are insufficient to provide for the land management, maintenance and preservation of Fish Run Place, the entity shall prudently use such available funds (including corpus) to address the most critical management, maintenance and preservation needs of Fish Run Place.

Endowment Investment Policy - Return Objectives and Risk Parameters

The League has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the League must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that approximate the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The League expects its endowment funds, over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount (see Note 9).

To satisfy its 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 asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Contributed Services and Goods

Contributions of services are recognized when received if such services (a) enhance nonfinancial assets or (b) require specialized skills provided by individuals possessing those skills, which would typically need to be paid for, if not donated. Contributed goods are recognized as in-kind revenues at their estimated fair value.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Grants Payable and Expense

Unconditional grants are recognized as a grant expense and liability when the grant agreement is signed by both parties. Those unconditional grants that are expected to be paid in less than one year are measured at net settlement value. Unconditional grants that are expected to be paid in more than one year are measured at the present value of the estimated future cash flows. Grant refunds are recorded as a reduction of grant expense at the time the League becomes aware the grant will be refunded. Properties deeded to other organizations are treated as land transactions in the Statements of Activities and Changes in Net Assets. Grants made for other purposes are treated as program service expenses.

Allocation of Functional Expense

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct identification of specific expenses is the League's preferable method of charging expenses to various functions. The League has some expenses which relate to more than one program or supporting activity, or to a combination of programs and supporting services. Expenses such as depreciation, supplies, travel, personnel, and occupancy costs, are allocated among program services, general and administration, and fundraising classifications on the basis of head count, time-estimates and other criteria determined by the League's management. The cost allocation methodologies deployed by the League are to use a reasonable estimate to allocate time and effort by staff member based on their direct conduct and direct supervision, where applicable, and apply it to the allocable expenses.

Income Taxes

The League is a tax-exempt organization under the Internal Revenue Code, Section 501(c)(3) and related California code sections. Accordingly, no provision for taxes on income has been reflected in these financial statements.

As of March 31, 2025, management evaluated the League's tax positions and concluded that the League had maintained its tax-exempt status and had taken no uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Comparative Information and Reclassifications

The financial statements include certain comparative information for which the prior year information is summarized in total but not by net asset class. Accordingly, such information should be read in conjunction with the League's financial statements for the year ended March 31, 2024, from which the summarized information is derived.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Certain reclassifications have been made to the 2024 financial statements in order to conform to the 2025 presentation. These reclassifications had no impact on net assets or change in net assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates based on assumptions. Those estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events

The League evaluated subsequent events with respect to the financial statements for the year ended March 31, 2025 through September 22, 2025, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure, except as discussed in the Land Transactions and Conservation Easements section above and in Note 6.

Note 3 - Government Contracts, Contributions and Bequests Receivable:

Government contracts, contributions, and bequests receivable consisted of the following as of March 31, 2025:

	<u>Gross</u>	<u>Allowance</u>	<u>Discount to Present Value</u>	<u>Net</u>
Government contracts receivable	\$ 2,713			\$ 2,713
Contributions receivable	4,164	\$ (103)	\$ (228)	3,833
Bequests receivable	8,779	(501)	(1,907)	6,371
Total	\$ 15,656	\$ (604)	\$ (2,135)	\$ 12,917

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Government contracts, contributions, and bequests receivable were expected to be collected as follows as of March 31, 2025:

Within one year	\$ 9,309
Within two to five years	2,399
Thereafter	3,948
	<hr/>
	15,656
Less discount	(2,135)
Less allowance	(604)
	<hr/>
	\$ 12,917

The League has received the following conditional promises to give that were not recognized as revenue in the accompanying financial statements as of March 31, 2025:

Government grants - to be recognized upon incurring allowable project expenses	\$ 27,028
Gift dependent on completion of acquisition	2,000
Other	1,035
	<hr/>
	\$ 30,063

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 4 - Investments and Fair Value Measurements:

The table below presents the composition of investments and balances of assets and liabilities measured at fair value on a recurring basis at March 31, 2025:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Cash and cash equivalents	\$ 16,338	\$ 16,338	
Equities:			
U.S. large cap	17,402	17,402	
U.S. mid cap	2,707	2,707	
Developed markets	13,951	13,951	
Emerging markets	4,405	4,405	
Mutual funds	1,874	1,874	
Fixed income funds:			
U.S. fixed income funds	24,669	24,669	
Total investments	81,346	81,346	-
Charitable Trust Assets (Held by the League):			
Cash and cash equivalents	14	14	
Equities			
U.S. large cap	326	326	
Developed markets	106	106	
U.S. mid and small cap	74	74	
Emerging markets	42	42	
Fixed income:			
Taxable U.S. bond funds	161	161	
Foreign developed and emerging debt	15	15	
Real estate securities fund	22	22	
Charitable Trust Receivable (Held by Others)	2,697		\$ 2,697
Total charitable trust assets	3,457	760	2,697
Total	\$ 84,803	\$ 82,106	\$ 2,697
Liabilities:			
Liability to beneficiaries	\$ (263)		\$ (263)
Deferred compensation	(69)		(69)
Total	\$ (332)	\$ -	\$ (332)

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Investments as summarized above include:

- General Endowment - \$2,039 in endowment funds that are managed in accordance with the League's endowment policy and are not immediately available for operations (Note 9).
- Fish Run Place Endowments - \$979 for the management, maintenance, and preservation of Fish Run Place and for the monitoring and enforcement of a conservation easement of Fish Run Place (Notes 8 and 9).
- Restricted investments of \$1,269 for the year ended March 31, 2025. The purpose of these restricted investments is to monitor easements, protect marbled murrelets (an endangered species of bird that nests in the ancient redwoods), restoration, and to cover administrative costs of monitoring these easements.

Net investment income was comprised of the following for the year ended March 31, 2025:

Interest and dividends	\$ 2,579
Realized gain on sale of investments	2,526
Unrealized loss on investments	(448)
Investment advisory fees	(199)
	<hr/>
	\$ 4,458

Note 5 - Charitable Trust Assets:

Charitable trust assets consisted of the following as of March 31, 2025:

Charitable remainder trusts and gift annuities, net of discount of \$258	\$ 2,697
Assets held in charitable trusts in which the League is both trustee and secondary beneficiary	760
	<hr/>
Total	\$ 3,457

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 6 - Debt and Refundable Advances:

Notes Payable

To finance the acquisition of a property in Mendocino County in fiscal year 2022, the League secured a \$15,045 note payable with a fixed interest rate of 3.15% per annum, requiring monthly payments of \$161 and maturing in February 2027. Additional funding for the acquisition included a \$1,000 unsecured loan from an unrelated donor bearing interest at 0.33% per annum (due December 2025), a \$5,000 program-related investment (PRI) loan from a foundation at 0.5% interest per annum (due May 2026 or upon transfer of the property), and a \$500 refundable advance from an unrelated donor, originally due in May 2027.

In fiscal year 2025, following the disposition of the Mendocino County property, the League repaid \$11,367 in principal across these financing arrangements. With donor approval, the \$500 refundable advance was repurposed to support redwood land acquisitions in Sonoma County in 2025.

Separately, in fiscal year 2024, the League obtained a \$2,000 PRI loan from a foundation to support the acquisition of property in Sonoma County. The loan bore interest at 2% per annum and was payable at the earlier of a specified date or within ten business days of securing long-term public funding. It was fully repaid in fiscal year 2025 upon the property's disposition.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Notes payable consisted of the following as of March 31, 2025:

PRI loan, \$1,000 original principal amount, bearing annual interest at 1%, with interest payments due on January 31 and July 31 of each calendar year beginning January 31, 2025. Loan proceeds are to be used to finance acquisition of property in Sonoma County. Principal is due on the earlier of thirty business days after the date on which the property has been sold or before May 25, 2029. The League may be entitled to partial forgiveness of the loan equal to \$93, contingent on timely repayment and compliance with terms.	\$ 1,000
Unsecured loan, \$500 original principal amount, bearing annual interest at 3.7%, with simple interest paid annually on or before October 31 of each year beginning October 31 2025, with the principal balance due in full on or before October 31, 2027. Loan proceeds are to be used to finance acquisition of property in Sonoma County. Subsequent to year-end, the loan was repaid in full in June 2025 upon completion of the acquisition and transfer to its permanent steward.	500
PRI loan, \$3,000 original principal amount, bearing annual interest at 1%, with interest payments due on January 31 and July 31 of each calendar year beginning July 31, 2025. Principal is due on or before December 1, 2027. Loan proceeds are to be used to finance acquisition of property in Sonoma County. In the event the League receives \$1,000 or more in funding from any public agency in connection with the acquisition of the property prior to the maturity date, the League shall pay 20% of the acquisition funding amount, up to \$3,000, to the lender within thirty days of receipt of acquisition funding.	3,000
	<hr/> \$ 4,500

Annual maturities of notes payable at March 31, 2025 were as follows:

Year Ending March 31,	
2026	\$ 500
2028	3,000
2030	1,000
	<hr/>
Total	\$ 4,500

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Line of Credit

The League has an operating line of credit (LOC) of up to \$15,000. There was no balance outstanding as of March 31, 2025. The interest rate on the LOC is based on the Secured Overnight Financing Rate (SOFR) plus 1.15% and it is collateralized by League investments held by the financial institution. The rate as of March 31, 2025, was 5.56% per annum. The LOC is an evergreen facility, which is reviewed annually in October, however it can be terminated at any time either by the League or the financial institution. The LOC may only be utilized for program-related projects.

Refundable Advances

The new refundable advance agreement for \$500 bears interest at 0% and is expected to be repaid by October 15, 2029. As of March 31, 2025, the League has two refundable advances outstanding for a total of \$1,000.

Note 7 - Board-designated Net Assets:

The League's Board of Directors has approved five Board-designated funds:

- Land and Conservation Easement Stewardship and Defense Fund - to provide ongoing funding for the League's ad infinitum conservation easement monitoring obligations and the stewardship of held land, and the enforcement of the League's conservation easements;
- Park Enhancement Fund - to provide funding for the projects and initiatives to support the coastal redwood and sequoia parks;
- Land and Conservation Easement Acquisition Opportunity Fund - to provide the capital for the League to maintain the capacity to act on important and time-sensitive conservation opportunities as they arise, and includes a portion of the acquisition value of Real Estate Held;
- Science and Education Fund - to provide funding for the League's science and research and support for the education program;
- Operating Expense Reserve Fund - to provide the League with financial security and sustenance by holding a reserve of one year's operating expense.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Board designations of net assets without donor restrictions were as follows at March 31, 2025:

Land and Conservation Easement Stewardship and Defense Fund	\$ 28,000
Park Enhancement Fund	41,500
Land and Conservation Easement Acquisition Opportunity Fund	10,000
Science and Education Fund	5,600
Operating Expense Reserve Fund	21,500
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Total Board-designated net assets	\$ 106,600

The Board-designated operating expense reserve fund is available for use by the League without any action required by the Board.

Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions as of March 31, 2025 were as follows:

Time and purpose restrictions:	
Land acquisition	\$ 45,354
Stewardship and restoration	4,404
Park enhancements	3,498
Endowment earnings	1,661
Other	57
With time restrictions including charitable trusts and bequests	4,763
<hr/>	
Total time and purpose restrictions	59,737
Perpetual restrictions:	
General endowment funds	412
Fish Run Place endowments	945
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Total perpetual restrictions	1,357
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Total net assets with donor restrictions	\$ 61,094

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Land acquisition includes donations used to acquire properties which are a component of real estate held on the Statement of Financial Position.

Net assets released from donor restrictions during the year ended March 31, 2025, were as follows:

Expiration of time restrictions	\$ 1,603
Satisfaction of purpose restrictions:	
Land acquisition	31,066
Stewardship and restoration	15,692
Park enhancement	437
Other	250
<hr/>	
Total net assets released from restrictions	\$ 49,048

Note 9 - Endowments:

Changes in donor-restricted endowment funds for the year ended March 31, 2025, were as follows:

	<u>General</u>	<u>Fish Run Place</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,865	\$ 931	\$ 2,796
<hr/>			
Change in endowment net assets:			
Interest and dividends	132		132
Unrealized gain	42	48	90
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Change in endowment net assets	174	48	222
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Endowment net assets, end of year	\$ 2,039	\$ 979	\$ 3,018

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 10 - Availability of Financial Assets and Liquidity:

The League's financial assets available for general expenditures as of March 31, 2025, were as follows:

Financial assets at year end:	
Cash and cash equivalents	\$ 30,533
Government contracts receivable	2,713
Contributions receivable, net	3,833
Bequests receivable, net	6,371
Investments	81,346
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Total financial assets	124,796
Less amounts not available to be used within one year:	
Board-designated net assets	(106,600)
Net assets with donor restrictions, net of amounts expected to be met within one year and used to purchase real estate held	(7,117)
Add:	
Board-designated operational reserve fund available for use	21,500
<hr/>	
	(92,217)
<hr/>	
Financial assets available to meet general expenditures within one year	\$ 32,579

The League regularly monitors the availability of resources required to meet its operational needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the League considers all expenditures related to its ongoing programmatic activities as well as the conduct of services undertaken to support those activities to be general expenditures. The League has various sources of liquidity at its disposal, including cash and cash equivalents, a line of credit and investments. In addition to financial assets available to meet general expenditures over the next 12 months, the League operates with a balanced core budget and anticipates generating sufficient revenue to cover general expenditures.

The League has available a line of credit of up to \$15,000 which can be drawn for program related projects (see Note 6). The Board-designated operational reserve fund is available for use by the League without any action required by the Board (see Note 7).

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 11 - Employee Benefit Plans:

In 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 eligible employees of the League 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. The Board approved a safe harbor contribution (3%) and an employer matching contribution (up to 5%). The total expense related to the 401(k) Plan was \$598 for the year ended March 31, 2025.

Note 12 - Concentration of Credit Risk:

Cash and Cash Equivalents

In the regular course of business, the League may maintain operating cash balances at a bank in excess of federally insured limits. The League seeks to control the risk of loss by maintaining deposits with only high-quality financial institutions. The amount of cash exceeding federally insured limits was approximately \$6,407 as of March 31, 2025.

Investments

The League's credit risk is inherent principally in its investments. As of March 31, 2025, investments were comprised of money market funds, fixed income and equity securities. The investments are maintained with three well-established and widely used financial institutions which have sound reputations. Credit risk is limited by diversifying the League's investments among a variety of high-quality issuers, and the composition and maturities are regularly monitored by management. Investments are secured up to a limit set by the Securities Investor Protection Corporation (SIPC). As of March 31, 2025, the League held investments in excess of the SIPC insurance limits.

Government contracts, contributions and bequests revenue and receivables

The League's revenue is derived from individual contributions and bequests from throughout North America and beyond, state and federal grants, and investment income.

For the year ended March 31, 2025, one donor represented 14% of the receivables related to government contracts, contributions, and bequests. Additionally, a separate donor accounted for 11% of total revenue and public support.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 13 - Leases:

The League has two noncancellable operating leases. The League signed a new lease agreement extending its main office lease in San Francisco, originally set to expire on December 31, 2024, by an additional 14 months. The extended lease agreement started January 1, 2025, and ends February 28, 2026. The new rent payment is \$69 per month, and the extension period includes three months of free rent.

The second office space lease, in Humboldt County, ends on February 29, 2028 with no renewal options. Maturities of the operating lease liabilities are as follows:

Year Ending March 31,		
2026	\$	810
2027		49
2028		50
<hr/>		
Total lease payments		909
Less discount to present value		(25)
<hr/>		
Present value of lease liabilities	\$	884

Rent expense for the year ended March 31, 2025, was \$771.

The weighted average remaining lease term as of March 31, 2025 was approximately 1.23 years. The weighted average discount rate as of March 31, 2025 was 5.04%.

Note 14 - Contingencies:

From time to time, the League is involved in litigation that arises in the ordinary course of business. There are no pending significant legal proceedings to which the League is a party for which management believes the ultimate outcome would have a material adverse effect on the League's financial position.