

**SAVE THE REDWOODS LEAGUE**

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**FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**STAND** FOR  
THE  
**REDWOODS**  
STAND FOR THE FUTURE

100 YEARS IS JUST THE BEGINNING

*Save The Redwoods*  
LEAGUE\*

# SAVE THE REDWOODS LEAGUE

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## T A B L E O F C O N T E N T S

	<b>Page(s)</b>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3-4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-24



600 California Street, Suite 600, San Francisco, CA 94108

**Phone** (415) 421-5757

**Fax** (415) 288-6288

**Email** bpm@bpmcpa.com

**Web** bpmcpa.com

## INDEPENDENT AUDITORS' REPORT

The Audit Committee of  
Save the Redwoods League

We have audited the accompanying financial statements of Save the Redwoods League (a nonprofit organization) (the "League"), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' 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 auditors consider 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BPM LLP

San Francisco, California  
July 11, 2018

**SAVE THE REDWOODS LEAGUE**  
**STATEMENTS OF FINANCIAL POSITION**

As of March 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,119,065	\$ 5,948,809
Restricted cash and cash equivalents	37,438	37,415
Contributions, grants, and other receivables, net	8,580,974	8,717,146
Notes receivable	129,153	172,110
Deposits for land transactions	275,000	1,825,000
Other assets	823,739	331,059
Property and equipment, net	1,200,000	1,397,390
Beneficial interest in charitable remainder trusts	5,057,526	4,837,993
Investments	63,924,813	69,429,933
Real estate held	30,162,880	30,162,880
Endowment fund	984,515	888,679
	\$ 127,295,103	\$ 123,748,414
Total assets		
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,451,614	\$ 1,802,417
Notes payable	1,100,000	1,100,000
	2,551,614	2,902,417
Total liabilities		
Net assets:		
Unrestricted:		
Available for operations	4,191,330	5,724,979
Board designated:		
Land and Conservation Easement Stewardship Fund	20,600,000	22,000,000
Park Enhancement Fund	24,800,000	27,000,000
Land and Conservation Easement Acquisition Opportunity Fund	10,000,000	10,000,000
Science and Education Fund	5,900,000	5,500,000
Operating Expense Reserve	21,700,000	15,700,000
	87,191,330	85,924,979
Total unrestricted net assets		
Temporarily restricted	37,141,351	34,510,210
Permanently restricted	410,808	410,808
	124,743,489	120,845,997
Total net assets		
Total liabilities and net assets	\$ 127,295,103	\$ 123,748,414

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

**SAVE THE REDWOODS LEAGUE**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the years ended March 31, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating activities (excluding land and conservation easement transactions)</b>								
Revenue and public support:								
Contributions and grants	\$ 6,094,070	\$ 14,981,697	\$ -	\$ 21,075,767	\$ 5,761,833	\$ 8,753,302	\$ -	\$ 14,515,135
In-kind contributions	10,123	-	-	10,123	4,640	-	-	4,640
Grants from state and federal agencies	104,000	455,664	-	559,664	-	198,534	-	198,534
Change in value of beneficial interest in irrevocable trusts	-	(77,360)	-	(77,360)	-	328,757	-	328,757
Interest from loans	-	5,455	-	5,455	-	6,925	-	6,925
Other income	141,920	-	-	141,920	120,709	-	-	120,709
Net assets released from restrictions	5,421,623	(5,421,623)	-	-	4,590,475	(4,590,475)	-	-
Total revenue and public support	<u>11,771,736</u>	<u>9,943,833</u>	<u>-</u>	<u>21,715,569</u>	<u>10,477,657</u>	<u>4,697,043</u>	<u>-</u>	<u>15,174,700</u>
Expenses:								
Program services:								
Redwood land programs	7,344,144	-	-	7,344,144	5,740,207	-	-	5,740,207
Education and research grants	711,237	-	-	711,237	672,102	-	-	672,102
Redwood restoration grants	89,800	-	-	89,800	150,000	-	-	150,000
Climate change research grants	225,071	-	-	225,071	371,633	-	-	371,633
Park support grants	308,766	-	-	308,766	89,805	-	-	89,805
Other grants	350,089	-	-	350,089	164,000	-	-	164,000
Total program services	<u>9,029,107</u>	<u>-</u>	<u>-</u>	<u>9,029,107</u>	<u>7,187,747</u>	<u>-</u>	<u>-</u>	<u>7,187,747</u>
Support services:								
General, administrative, and outreach	2,489,439	-	-	2,489,439	1,943,270	-	-	1,943,270
Fundraising	3,438,181	-	-	3,438,181	3,469,715	-	-	3,469,715
Total support services	<u>5,927,620</u>	<u>-</u>	<u>-</u>	<u>5,927,620</u>	<u>5,412,985</u>	<u>-</u>	<u>-</u>	<u>5,412,985</u>
Total expenses	<u>14,956,727</u>	<u>-</u>	<u>-</u>	<u>14,956,727</u>	<u>12,600,732</u>	<u>-</u>	<u>-</u>	<u>12,600,732</u>
Change in net assets from operations prior to investment income	(3,184,991)	9,943,833	-	6,758,842	(2,123,075)	4,697,043	-	2,573,968
Investment income, net	4,451,342	165,755	-	4,617,097	8,841,352	229,163	-	9,070,515
Change in net assets related to activities (excluding land and conservation easement transactions)	<u>1,266,351</u>	<u>10,109,588</u>	<u>-</u>	<u>11,375,939</u>	<u>6,718,277</u>	<u>4,926,206</u>	<u>-</u>	<u>11,644,483</u>

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

**SAVE THE REDWOODS LEAGUE**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS, Continued**

For the years ended March 31, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Land transactions and conservation easements</b>								
Revenue and public support:								
Contributions and grants	-	8,811,553	-	8,811,553	-	-	-	-
Grants from state agency	-	5,250,000	-	5,250,000	-	325,000	-	325,000
Total contributions restricted for land transactions and conservation easements	-	14,061,553	-	14,061,553	-	325,000	-	325,000
Net assets released for land and easement acquisitions, transfers, and grant for land protection	21,540,000	(21,540,000)	-	-	429,500	(429,500)	-	-
Expenses:								
Contributions of land to public agencies and other nonprofit organizations and conservation easements revalued:								
Conservation easements acquisition	21,300,000	-	-	21,300,000	325,000	-	-	325,000
Land deeded to other agencies	240,000	-	-	240,000	-	-	-	-
Conservation easement deeded to public agency	-	-	-	-	104,500	-	-	104,500
Contributions of land and easement and conservation easement acquired	21,540,000	-	-	21,540,000	429,500	-	-	429,500
Change in net assets related to land transactions and conservation easements acquired	-	(7,478,447)	-	(7,478,447)	-	(104,500)	-	(104,500)
Change in net assets related to activities (excluding land and conservation easement transactions (page 3))	1,266,351	10,109,588	-	11,375,939	6,718,277	4,926,206	-	11,644,483
Total change in net assets	1,266,351	2,631,141	-	3,897,492	6,718,277	4,821,706	-	11,539,983
Net assets, beginning of year	85,924,979	34,510,210	410,808	120,845,997	79,206,702	29,688,504	410,808	109,306,014
Net assets, end of year	\$ 87,191,330	\$ 37,141,351	\$ 410,808	\$ 124,743,489	\$ 85,924,979	\$ 34,510,210	\$ 410,808	\$ 120,845,997

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

**SAVE THE REDWOODS LEAGUE**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the years ended March 31, 2018 and 2017

	2018				2017			
	Program Services	General, Administrative, and Outreach	Fundraising	Total	Program Services	General, Administrative, and Outreach	Fundraising	Total
<b>Operating activities (excluding land and conservation easement transactions)</b>								
Salaries and benefits	\$ 2,975,698	\$ 908,546	\$ 1,555,211	\$ 5,439,455	\$ 2,263,650	\$ 907,234	\$ 1,596,754	\$ 4,767,638
Program grants	1,684,963	-	-	1,684,963	1,447,540	-	-	1,447,540
Services and fees	241,856	893,327	372,978	1,508,161	144,831	410,350	416,506	971,687
Printing and publications	314,885	56,862	537,135	908,882	202,834	46,550	649,269	898,653
Occupancy	428,931	175,204	205,189	809,324	351,112	179,974	252,242	783,328
Other project costs	648,974	-	-	648,974	437,458	-	-	437,458
Site improvements	606,057	-	-	606,057	250,120	-	-	250,120
Consultants	429,432	-	-	429,432	316,961	1,500	-	318,461
Advocacy	409,300	-	-	409,300	3,000	-	-	3,000
Payroll taxes	174,226	55,088	100,497	329,811	129,227	54,734	103,671	287,632
Appraisals and environmental costs	322,164	-	-	322,164	112,465	-	-	112,465
Professional fundraising fees	-	-	287,076	287,076	253	-	102,686	102,939
Planning and design	244,949	-	-	244,949	974,294	-	-	974,294
Depreciation	131,696	47,704	63,000	242,400	110,693	55,604	79,523	245,820
Conferences and meetings	87,490	57,521	85,883	230,894	64,195	34,079	72,957	171,231
Travel	100,888	42,810	55,327	199,025	96,690	19,891	37,903	154,484
Furniture and equipment	33,311	17,755	86,857	137,923	19,654	13,456	67,117	100,227
Investment fees	-	112,950	-	112,950	-	110,176	-	110,176
Insurance	33,113	11,994	15,840	60,947	25,732	12,926	18,486	57,144
Accounting fees	-	53,345	-	53,345	-	59,770	-	59,770
Other fundraising costs	11,658	10,648	29,920	52,226	2,829	-	18,485	21,314
Postage and shipping	12,574	12,300	18,335	43,209	9,021	10,832	17,257	37,110
Telephone	21,862	7,985	10,458	40,305	16,820	8,449	12,084	37,353
Legal fees	23,848	7,786	3,182	34,816	17,823	-	11,811	29,634
Miscellaneous expenses	22,651	9,820	785	33,256	30,544	11,066	3,165	44,775
Mapping services	30,132	-	250	30,382	137,282	-	600	137,882
Supplies	18,182	4,437	5,825	28,444	10,219	4,452	6,015	20,686
Equipment rental and maintenance	9,267	3,357	4,433	17,057	4,433	2,227	3,184	9,844
Interest	11,000	-	-	11,000	8,067	-	-	8,067
Subtotal	<u>9,029,107</u>	<u>2,489,439</u>	<u>3,438,181</u>	<u>14,956,727</u>	<u>7,187,747</u>	<u>1,943,270</u>	<u>3,469,715</u>	<u>12,600,732</u>
<b>Land transactions and conservation easements</b>								
Conservation easements acquisition	21,300,000	-	-	21,300,000	325,000	-	-	325,000
Land deeded to other agencies	240,000	-	-	240,000	-	-	-	-
Conservation easements deeded to public agency	-	-	-	-	104,500	-	-	104,500
Subtotal	<u>21,540,000</u>	<u>-</u>	<u>-</u>	<u>21,540,000</u>	<u>429,500</u>	<u>-</u>	<u>-</u>	<u>429,500</u>
Total	<u>\$ 30,569,107</u>	<u>\$ 2,489,439</u>	<u>\$ 3,438,181</u>	<u>\$ 36,496,727</u>	<u>\$ 7,617,247</u>	<u>\$ 1,943,270</u>	<u>\$ 3,469,715</u>	<u>\$ 13,030,232</u>

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

# SAVE THE REDWOODS LEAGUE

## STATEMENTS OF CASH FLOWS

For the years ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,897,492	\$ 11,539,983
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of land	240,000	-
Donated easement	-	104,500
Gain on sale of land	-	(12,000)
Depreciation	242,400	245,820
Net realized and unrealized gain on investments	(2,905,934)	(7,656,751)
Loss on sale of donated securities	15,775	218
Investment income for long-term purposes	(58,189)	(49,132)
Change in value of beneficial interest in charitable remainder trusts	77,360	(328,757)
Contributions of beneficial interest in charitable remainder trusts	(296,893)	(651,880)
Discount on contributions, grants, pledges, and other receivables	467,703	825,605
Changes in:		
Restricted cash and cash equivalents	(23)	791,679
Contributions, grants, pledges, and other receivables, net	(331,531)	(2,048,397)
Deposits for land transactions	1,550,000	(500,000)
Other assets	(492,680)	68,683
Accounts payable and accrued liabilities	(350,803)	805,569
Additional cash used in real estate held land activities:		
Proceeds on easement sale	-	6,522,000
Acquisition of redwood lands	(240,000)	(1,100,000)
Net cash provided by operating activities	<u>1,814,677</u>	<u>8,557,140</u>
Cash flows from investing activities:		
Purchase of investments	(18,241,461)	(15,593,337)
Proceeds from sale of investments	26,540,904	7,731,091
Proceeds from notes receivable	42,957	41,484
Purchase of property and equipment	(45,010)	(7,382)
Net cash provided by (used in) investing activities	<u>8,297,390</u>	<u>(7,828,144)</u>
Cash flows from financing activities:		
Investment income for long-term purposes	58,189	49,132
Proceeds from notes payable	-	1,100,000
Net cash provided by financing activities	<u>58,189</u>	<u>1,149,132</u>
Net increase in cash and cash equivalents	10,170,256	1,878,128
Cash and cash equivalents, beginning of year	<u>5,948,809</u>	<u>4,070,681</u>
Cash and cash equivalents, end of year	<u>\$ 16,119,065</u>	<u>\$ 5,948,809</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ 11,061</u>	<u>\$ -</u>

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



**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

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**1. Organization**

Save the Redwoods League (the “League”) has been protecting redwood lands for 100 years. We are the only organization that works throughout the natural range of the coast redwood and giant sequoia to protect and restore the redwood forest and connect people to their peace and beauty.

- We **protect** redwood forests and the surrounding lands and waterways needed to nurture them either by acquisition or by conservation easement.
- We **restore** land that has been logged to accelerate the regeneration of old growth form and function.
- We **connect** people to the redwoods to inspire a love of nature and to engage new generations in the stewardship of our redwood forests.

The transaction cycle in land conservation can require several years for completion because of its complexity. The League may hold and steward land (reflected as real estate held) for many years before transferring it to a public agency or nonprofit land trust 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.

Protecting redwoods today is more complex and challenging than at the time of our founding in 1918. Our work protects some of the most magical places on the planet.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation and Accounting***

The financial statements of the League have been prepared on the accrual basis of accounting. 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 asset groups as follows:

**Unrestricted**

These generally result from revenues generated by recognizing unrestricted contributions, interest from banks and notes receivable, net realized and unrealized gains or losses from investments (unless time-restricted) less expenses incurred in providing related services, raising contributions, and performing administrative functions. Unrestricted net assets include those resources that have been designated for special use by the Board of Directors (see Note 10).

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

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**2. Summary of Significant Accounting Policies, continued**

***Basis of Presentation and Accounting,*** continued

**Temporarily Restricted**

The 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 statements of activities and changes in net assets as net assets released from restrictions.

**Permanently Restricted**

These stipulate that resources be maintained permanently but permit the League to use or expend all of the income (or other economic benefits) derived from the donated assets.

***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 easements acquisitions; (b) expenses directly related to transfers of land and conservation easements; (c) gains and losses on the sale or revaluation of lands.

***Endowments***

**Interpretation of Relevant Law**

The Board of Directors (the "Board") of the League has interpreted the State of California's enacted version of UPMIFA as requiring as a goal 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 permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) additions to the permanent endowment in accordance with donor directions. 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 the League in a manner consistent with the standard of prudence prescribed by California's enacted version of UPMIFA.

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

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**2. Summary of Significant Accounting Policies, continued**

*Endowments*, continued

**Spending Policy**

In accordance with the State of California's enacted version of UPMIFA, the League 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 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

The League has a policy of appropriating for distribution each year an amount of no more than 3 percent of its endowment fund's 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 4 percent 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 with which to spend or appropriate from the endowment at this time. As a result, the League has appropriated zero percent for spending in 2018 and 2017.

**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 7 percent annually. Actual returns in any given year may vary from this amount (see Note 12).

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.

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

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**2. Summary of Significant Accounting Policies, continued**

***Revenue Recognition***

Contributions and grants are recognized when the donor makes a promise to give to the League that is, in substance, unconditional. Unconditional promises to give expected to be received after one year are recorded at their estimated net present value in the initial year received, using risk-free discount rate, and are recorded net of an allowance for amounts estimated by management to be uncollectible. These pledges are discounted to present value using a discount ranging from 0.57% to 5%.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. There were no conditional gifts outstanding for the years ended March 31, 2018 and 2017.

Contributions from estates, trusts - The League recognizes contributions from estates and charitable remainder trusts when it has obtained a copy of a court order, or all of the following documents: letter of notification as beneficiary; trust agreement or will; and an estimate and/or list of assets and valuation to be distributed. The receivable at year end are reclassified to temporarily restricted contributions as an implied time restriction. In the event the receivable is received during the month after year end, it is recorded as an unrestricted contribution. A 7.5% contingency provision is deduction 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 the 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 - The League recognizes revenue from government sources, state and federal, at the time of the close of escrow for a land acquisition or as work is completed, or at the time of receipt of funds, if for another programmatic purpose.

***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 years ended March 31, 2018 and 2017, the League recognized in-kind services of \$5,200 and \$1,810, respectively, for legal and consulting services. For the years ended March 31, 2018 and 2017, the League recognized in-kind goods of \$4,924 and \$2,830, respectively.

***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**

March 31, 2018 and 2017

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**2. Summary of Significant Accounting Policies, continued**

***Restricted Cash and Cash Equivalents***

These funds are held in separate bank accounts and are restricted for the purpose of monitoring easements to protect marbled murrelets, an endangered species of bird that nests in the ancient redwoods, restoration and also to cover administrative costs of monitoring these easements, and for grove maintenance.

***Investments***

The League maintains liquidity sufficient to respond to conservation opportunities.

The League carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values. Investments received through gifts are recorded at estimated fair value at the date of receipt of donation. Gains or losses that result from market fluctuations are recognized in the period such fluctuations occur. For the years ended March 31, 2018 and 2017, the League received \$2,668,328 and \$422,955 in donated stocks, respectively. Donated stocks are presented net of liquidated proceeds and a loss on the sale of donated stocks of \$15,775 was recognized in the statement of cash flows.

***Real Estate Held***

Real estate held is recorded at cost if purchased or estimated fair value at the date of the gift, if donated. Real estate held is valued by a certified general appraiser at the time of negotiation for its acquisition from the seller. It is valued at its original fair market value at the time of acquisition and, except in the rare circumstance that there is a significant diminution in value, it remains at that same value until such time as a new appraisal establishes its current fair market value at the time of disposition. No such revaluations occurred during the years ended March 31, 2018 and 2017. It is not a goal of the League to profit from its land transactions.

The majority of the League's real estate held is intended to be transferred to governmental agencies, conservation partners or other appropriate alternate permanent stewards. Transfer of property may frequently be a lengthy process.

Transfer of the land is recognized at fair value of the land transferred on the date of transfer. A gain or loss on revaluation of land is recorded for the difference between the fair value upon reappraisal and the carrying amount of the land. A gain or loss on sale of land or easement is recorded for the difference between the fair value upon transfer date and carrying amount of the land. The League incurred gain of \$12,000 in the year ended March 31, 2017 and no gain or loss in the year ended March 31, 2018. Temporarily restricted net assets are released from restriction based on the historical cost of the property.

***Property and Equipment***

Property and equipment purchased is stated at cost and is capitalized if these expenditures exceed \$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 asset's estimated useful life ranging from three to seven 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.

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

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**2. Summary of Significant Accounting Policies, continued**

***Notes Receivable***

Notes receivable are carried at unpaid principal balances. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Management evaluates the collectability of notes receivable on an annual basis. In making that determination, management has evaluated historical loan loss experience, financial condition of the borrower and current economic conditions that lead to default. The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent on the loans. As of March 31, 2018 and 2017, notes receivable are considered by management to be fully collectible and, accordingly, no allowance is considered necessary.

***Beneficial Interest in Charitable Remainder 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 statements of activities and changes in net assets 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 at 6%, a discount rate of 5%, and the applicable mortality tables. Due to annual payments being made to current beneficiaries from certain trusts over the trust's term, there is a slight possibility that the trust's assets will be exhausted before distribution to the League.

***Grants Payable and Expense***

Unconditional grants are recognized as grant expense and a 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. Grants made to other organizations for the purpose of land acquisitions 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.

***Easement Policy***

Conservation easements are expensed as a program expense in the period they are purchased or donated to the League. Sales of conservation easements on real estate held by the League to public agencies are recorded as decreases in the basis of the real estate held in the statement of financial position. For the year ended March 31, 2018, the League purchased two conservation easements for \$21,300,000. For the year ended March 31, 2017, the League purchased one conservation easement for \$325,000 and sold an easement with a fair value of \$6,104,500 against real estate held with a net book value of \$11,245,000 for approximately \$6 million resulting in a donated easement expense of \$104,500.

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

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**2. Summary of Significant Accounting Policies, continued**

***Functional Expense Allocations***

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

***Fair Value Measurements***

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 the following hierarchy, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

*Level 1* – quoted prices in active markets for identical investments.

*Level 2* – other significant observable inputs (including quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, etc.)

*Level 3* – significant unobservable inputs (including the League's own assumptions in determining fair value instruments).

The valuation levels are not necessarily an indication of the risk or liquidity associated with the investments.

***Income Taxes***

The Internal Revenue Service has determined that the League is exempt from federal income tax under Section 501(c)(3) in the Internal Revenue Code. However, income from activities not related to its tax-exempt purpose may be subject to taxation as unrelated business income. No provision has been made for income taxes in these financial statements.

***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.

***Reclassifications***

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements, which include items related to investment income and certain revenue and support for land transactions.

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**2. Summary of Significant Accounting Policies, continued**

***Recent Accounting Pronouncements***

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). This project includes updates that improve the usefulness of financial statements or reduce complexities for preparers. Some of the updates include requiring all nonprofits to present expenses by function and nature; replacing traditional three classes of net assets with only two classes (those with donor-imposed restrictions and those without); reaffirmation of existing methods of presenting operating cash flows. The ASU is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. The League is currently evaluating the impact of adoption on its financial statements.

**3. Cash and Cash Equivalents, and Restricted Cash and Cash Equivalents**

The League’s cash and cash equivalents, and restricted cash and cash equivalents at March 31, are as follows:

	2018	2017
Money market fund	\$ 14,527,369	\$ 4,367,269
Demand deposits	1,591,446	1,581,290
Petty cash	250	250
Cash and cash equivalents	<u>\$ 16,119,065</u>	<u>\$ 5,948,809</u>
Restricted cash and cash equivalents	<u>\$ 37,438</u>	<u>\$ 37,415</u>

**4. Contributions, Grants, and Other Receivable**

As of March 31, 2018 and 2017, the balance of contributions, grants, and other receivables was:

	2018	2017
Contributions receivable:		
Bequests, net of allowance of \$142,187 and \$319,718, respectively, and discount of \$29,758 and \$32,753, respectively	\$ 2,636,072	\$ 4,501,276
Pledges, net of allowance of \$276,080 and \$155,263, respectively, and discount of \$164,169 and \$14,563, respectively	3,650,956	2,208,431
Testamentary pledges, net of allowance of \$68,943 and \$64,797, respectively, and discount of \$1,142,765 and \$811,042	850,292	799,161
Total contributions receivable	<u>7,137,320</u>	<u>7,508,868</u>

Continued



**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**4. Contributions, Grants, and Other Receivable, continued**

Total contributions, grants, and other receivables, continued

	2018	2017
Grants receivable:		
Acquisition for specifically identified redwood lands	175,000	325,000
Restoration and trail construction	289,389	137,423
Redwoods and Climate Change Initiative	515,000	62,000
Centennial Celebration, net discount of \$9,184	290,815	400,000
Total grants receivable	1,270,204	924,423
Other receivables	173,450	283,855
Total contributions, grants, and other receivables	\$ 8,580,974	\$ 8,717,146

Total contributions grants, and other receivables are expected to be collected as follows.

For the fiscal years ending March 31:	
2019	\$ 5,253,886
2020	1,121,350
2021	986,237
2022	846,037
2023	129,537
Thereafter	2,077,013
	10,414,060
Less: discount	(1,345,876)
Less: allowance	(487,210)
Total contributions, grants, and other receivables, net	\$ 8,580,974

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**5. Investments and Fair Value Measurements**

The following table presents balances of assets measured at fair value on a recurring basis:

	As of March 31, 2018		
	Level 1	Level 2	Total
Assets:			
Cash equivalents	\$ 14,564,807	\$ -	\$ 14,564,807
Endowment fund:			
Insured Deposit Account	354	-	354
Exchange traded fund	1,165	-	1,165
Endowment exchange - International Stock Fund	112,701	-	112,701
Endowment exchange - Mutual Fund	870,295	-	870,295
Total endowment fund	984,515	-	984,515
Investments:			
Money market fund held for investment purposes	1,318,546	-	1,318,546
Fixed Income:			
Income Fund	26,678,419	-	26,678,419
Corporate issues	-	2,133,408	2,133,408
US government issues	-	4,998,500	4,998,500
Total fixed income	26,678,419	7,131,908	33,810,327
Equity Securities:			
Energy	1,161,847	-	1,161,847
Materials	151,839	-	151,839
Industrials	939,534	-	939,534
Consumer discretionary	2,386,093	-	2,386,093
Healthcare	3,378,313	-	3,378,313
Financials	6,301,860	-	6,301,860
Information technology	2,876,236	-	2,876,236
Telecommunication services	225,742	-	225,742
Total equity securities	17,421,464	-	17,421,464
Mutual Funds:			
International Stock Fund	11,327,485	-	11,327,485
Large Growth Fund	46,991	-	46,991
Total mutual funds	11,374,476	-	11,374,476
Total investments	56,792,905	7,131,908	63,924,813
Beneficial interest in charitable remainder trusts	-	5,057,526	5,057,526
Total	\$ 72,342,227	\$ 12,189,434	\$ 84,531,661

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**5. Investments and Fair Value Measurements, continued**

	As of March 31, 2017		
	Level 1	Level 2	Total
Assets:			
Cash equivalents	\$ 4,404,684	\$ -	\$ 4,404,684
Endowment fund:			
Exchange traded fund	1,350	-	1,350
Endowment exchange - International Stock Fund	101,572	-	101,572
Endowment exchange - Stock Fund	785,757	-	785,757
Total endowment fund	888,679	-	888,679
Investments:			
Money market fund held for investment purposes	2,316,121	-	2,316,121
Fixed Income:			
Income Fund	24,734,660	-	24,734,660
Corporate issues	-	2,157,923	2,157,923
US government issues	-	6,000,960	6,000,960
Total fixed income	24,734,660	8,158,883	32,893,543
Equity Securities:			
Energy	1,993,074	-	1,993,074
Materials	273,242	-	273,242
Industrials	1,021,736	-	1,021,736
Consumer discretionary	3,855,463	-	3,855,463
Consumer staples	358,694	-	358,694
Healthcare	4,652,965	-	4,652,965
Financials	8,805,221	-	8,805,221
Information technology	4,433,043	-	4,433,043
Telecommunication services	460,600	-	460,600
Total equity securities	25,854,038	-	25,854,038
Mutual Funds:			
International Stock Fund	8,326,619	-	8,326,619
Large Growth Fund	39,612	-	39,612
Total mutual funds	8,366,231	-	8,366,231
Total investments	61,271,050	8,158,883	69,429,933
Beneficial interest in charitable remainder trusts	-	4,837,993	4,837,993
Total	\$ 74,723,296	\$ 4,837,993	\$ 79,561,289

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**5. Investments and Fair Value Measurements, continued**

Net investment income at March 31, is comprised of the following:

	2018	2017
Dividends and interest	\$ 1,726,938	\$ 1,413,764
Realized gain on sale of investments, net	5,139,817	1,974,021
Unrealized (loss) gain on investments, net	(2,249,658)	5,682,730
Net gain from investments	\$ 4,617,097	\$ 9,070,515

Investment fees for the years ended March 31, 2018 and 2017 amounted to \$112,950 and \$110,176, respectively.

**6. Property and Equipment**

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

	2018	2017
Office equipment	\$ 746,046	\$ 701,036
Leasehold improvements	1,372,744	1,372,744
	2,118,790	2,073,780
Less accumulated depreciation and amortization	(918,790)	(676,390)
	\$ 1,200,000	\$ 1,397,390

Depreciation expense for the years ended March 31, 2018 and 2017 was \$242,400 and \$245,820, respectively.

**7. Notes Receivable**

The League has two unsecured promissory notes receivable. The promissory notes are from one donor who made a \$500,000 matching grant for the redwoods and climate change initiative in fiscal year 2010. During fiscal year March 31, 2013, the League was able to fulfill the entire matching grant. Each promissory note is payable in 40 quarterly payments and bears an interest rate equivalent to the Wall Street Journal prime rate at the date of the issuance of the promissory note. The rates for the promissory notes were 3.69% and 3.46%, respectively.

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

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**7. Notes Receivable, continued**

The anticipated principal repayments to the League on notes receivable are scheduled to be as follows:

For the fiscal years ending March 31:	
2019	\$ 44,172
2020	45,741
2021	38,280
2022	<u>960</u>
	<u><u>\$ 129,153</u></u>

**8. Accounts Payable and Accrued Liabilities**

At March 31, accounts payable and accrued liabilities consisted of the following:

	2018	2017
Accounts payable	\$ 486,709	\$ 596,724
Grant payable	75,000	457,696
Deferred compensation	97,115	110,014
Accrued vacation	324,169	286,115
Deferred rent	369,703	336,950
Accrued interest	8,006	8,067
Other accrued liabilities	<u>90,912</u>	<u>6,851</u>
Total accrued liabilities	<u><u>\$ 1,451,614</u></u>	<u><u>\$ 1,802,417</u></u>

**9. Notes Payable**

During fiscal year 2017, the League entered into an unsecured note payable to an independent third party for \$1,100,000 for the acquisition of a property in Humboldt County, with an annual interest rate of 1%. The note will mature on the earlier of the four-year anniversary of the closing date of the acquisition of the property or the date on which the League sells the property to United States Bureau of Land Management. Accrued interest as of March 31, 2018 and 2017 was \$8,006 and \$8,067, respectively.

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**10. Board Designated Funds**

The League's Board of Directors approved five Board-designated funds. Board designations of unrestricted net assets were as follows at March 31:

	2018	2017
Land and Conservation Easement Stewardship Fund	\$ 20,600,000	\$ 22,000,000
Park Enhancement Fund	24,800,000	27,000,000
Land and Conservation Easement Acquisition Opportunity Fund	10,000,000	10,000,000
Science and Education Fund	5,900,000	5,500,000
Operating Expense Reserve	21,700,000	15,700,000
Total Board Designated Funds	\$ 83,000,000	\$ 80,200,000

**11. Temporarily Restricted Net Assets**

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

	2018	2017
Time restricted	\$ 4,649,938	\$ 5,273,803
Land and easement conservation	22,721,599	19,740,737
Program activities	8,889,715	8,680,417
Parks enhancement	350,074	507,307
Science, research and education	530,025	307,946
Total temporarily restricted net assets	\$ 37,141,351	\$ 34,510,210

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

	2018	2017
Time restriction	\$ 2,553,141	\$ 2,462,130
Purposes restriction accomplished:		
Land and easement conservation	21,756,050	1,033,246
Program activities	205,626	200,000
Parks Enhancement	213,042	93,262
Science, Research and Education	2,233,764	1,231,337
	24,408,482	2,557,845
	\$ 26,961,623	\$ 5,019,975

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**12. Permanently Restricted Net Assets**

Net assets were permanently restricted for future operations of the League.

Endowment net asset composition by type of fund for the fiscal year ended March 31, are as follows:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 573,707	\$ 410,808	\$ 984,515
Total funds	\$ -	\$ 573,707	\$ 410,808	\$ 984,515
	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 477,871	\$ 410,808	\$ 888,679
Total funds	\$ -	\$ 477,871	\$ 410,808	\$ 888,679

Changes in endowment net assets for the fiscal years ended March 31, is as follows:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 477,871	\$ 410,808	\$ 888,679
Investment return:				
Investment income	-	58,189	-	58,189
Net unrealized appreciation	-	37,647	-	37,647
Total investment return	-	95,836	-	95,836
Endowment net assets, end of year	\$ -	\$ 573,707	\$ 410,808	\$ 984,515

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**12. Permanently Restricted Net Assets, continued**

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ -	\$ 284,139	\$ 410,808	\$ 694,947
Investment return:				
Investment income	-	49,132	-	49,132
Net unrealized appreciation	-	144,600	-	144,600
Total investment return	-	193,732	-	193,732
Endowment net assets, end of year	\$ -	\$ 477,871	\$ 410,808	\$ 888,679

**13. 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. Annually, the Board approves a safe harbor contribution and an employer matching contribution, which were 3% and 5%, respectively, for the current year. The total expense related to the 401(k) Plan was \$329,514 and \$283,203 for the years ended March 31, 2018 and 2017, respectively.

**14. Joint Costs**

For the years ended March 31, 2018 and 2017, the League incurred joint costs of \$265,729 and \$230,137, respectively, for informational materials and website content, both digital and hard copy productions and activities that included elements of programmatic, general and administrative, and fundraising expenses. For the years ended March 31, 2018 and 2017, the League allocated \$3,673 and \$3,341 to general and administrative expense, \$19,253 and \$13,459 to fundraising expense, and \$242,803 and \$213,337, respectively, to program expense.

Continued



**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

**15. Commitments and Contingencies**

In December 2014, the League’s lease for its office location expired. In February 2014, the League signed a 10-year lease with two 5-year renewal options for the new office space with an early occupancy date of September 2014. Monthly rent for the new office lease is approximately \$57,300 with annual increases of approximately 3%. Minimum future rental payments under the new lease are summarized as follows:

	Cash	Expense	Deferral
March 31:			
2019	\$ 734,913	\$ 746,260	\$ (11,347)
2020	756,960	746,260	10,700
2021	779,669	746,260	33,409
2022	803,059	746,260	56,799
2023	827,151	746,260	80,891
Thereafter	1,505,209	1,305,958	199,251
	\$ 5,406,961	\$ 5,037,258	\$ 369,703

Rent expense for the years ended March 31, 2018 and 2017 was \$746,260. Deferred rent as of March 31, 2018 and 2017 was \$369,703 and \$336,950, respectively.

**16. Concentration of Credit Risk**

***Cash and Cash Equivalents***

The League maintains cash and cash equivalents with two well established and widely used financial institutions which have a sound reputation, which are regularly monitored by management. As of March 31, 2018 and 2017, the League was in excess of the federal depository insurance limit.

***Investments***

The League’s credit risk is inherent principally in its investments. As of March 31, 2018 and 2017, 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 a sound reputation. 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, 2018 and 2017, the League held investments in excess of the SIPC insurance limits.

***Real Estate Held***

The League holds a total of twenty-one properties as of March 31, 2018 and 2017 in various counties: Tuolumne, Mariposa, Del Norte, Monterey, Mendocino, Napa, Humboldt, San Mateo, Santa Cruz, and Sonoma. Of these properties, 39%, 32%, 15%, and 10% of real estate held is held in Mendocino, Sonoma, San Mateo, and Humboldt Counties, respectively, at March 31, 2018 and 2017.

Continued

**SAVE THE REDWOODS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018 and 2017

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**16. Concentration of Credit Risk**, continued

***Revenue and Receivables***

The League's revenue is derived from individual contributions and bequests from throughout North America, state and federal grants, and investment income. For the year ended March 31, 2018, there were two donors who accounted for 10% or more of revenue from contributions and bequests. For the year ended March 31, 2017, there were no donors who accounted for 10% or more of revenue from contributions and bequests.

As of March 31, 2018 and 2017, three irrevocable trusts comprised 62% and 65% of the beneficial interest in charitable remainder trusts, respectively.

As of March 31, 2018 and 2017, two donors comprised 36% and three donors comprised 32% of the contributions receivable balance, respectively.

As of March 31, 2018 and 2017, two grants comprised 63% and 71% of the grants receivable balance, respectively.

As of March 31, 2018 and 2017, four donors comprised 42% and 74% of the pledge receivable balance, respectively.

As of March 31, 2018 and 2017, two donors comprised 72% and 92% of the testamentary pledges receivable balance, respectively.

As of March 31, 2018 and 2017, one individual comprised 100% of the notes receivable balance, and it is unsecured.

**17. Subsequent Events**

The League has evaluated events that occurred during the period subsequent to March 31, 2018 through July 11, 2018, the date the financial statements were available to be issued. The League concluded that no material subsequent events have occurred since March 31, 2018 that require recognition or disclosure in such financial statements.