

Save the Redwoods League

March 31, 2026

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 (Save the Redwoods)**, which comprise the statement of financial position as of March 31, 2026, 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 Save the Redwoods as of March 31, 2026, 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 Save the Redwoods and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Save the Redwoods'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 Save the Redwoods'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 Save the Redwoods'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.

Other Matter*Report on Summarized Comparative Information*

We have previously audited Save the Redwoods's March 31, 2025 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated September 22, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
September 22, 2026

Save the Redwoods League

Statement of Financial Position (in thousands)

<i>March 31, 2026 (with comparative totals for 2025)</i>	2026	2025
Assets		
Cash and cash equivalents	\$ 16,436	\$ 30,533
Government contracts receivable	7,003	2,713
Contributions receivable, net	2,544	3,833
Bequests receivable, net	10,269	6,371
Investments	97,233	81,346
Prepaid expenses and other assets	2,090	890
Deposits on land transactions	20	2,400
Note receivable	13,599	
Property and equipment, net	859	110
Charitable trust assets	2,289	3,457
Operating lease right-of-use assets	88	714
Real estate held	76,184	76,139
Total assets	\$ 228,614	\$ 208,506
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,777	\$ 2,624
Notes payable	4,000	4,500
Refundable advances	1,000	1,000
Liabilities under unitrust agreements	287	263
Operating lease liabilities	95	884
Total liabilities	10,159	9,271
Net Assets:		
Without donor restrictions:		
Undesignated	48,446	31,541
Board designated	106,500	106,600
Total net assets without donor restrictions	154,946	138,141
With donor restrictions	63,509	61,094
Total net assets	218,455	199,235
Total liabilities and net assets	\$ 228,614	\$ 208,506

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, 2026 (with comparative totals for 2025)

	Without Donor Restrictions	With Donor Restrictions	2026 Total	2025 Total
Operating Revenue and Public Support:				
Contributions and grants	\$ 7,211	\$ 8,535	\$ 15,746	\$ 22,115
Bequests	15,125	2,497	17,622	8,137
Government contract revenue		18,411	18,411	14,286
Special event revenue, net of expenses of \$407	57	234	291	558
Change in value of split interest agreements		395	395	313
Biomass revenue	10,685		10,685	12,026
Contributed services	330		330	-
Other income	1,266		1,266	824
Net assets released from restrictions	25,710	(25,710)	-	-
Total operating revenue and public support	60,384	4,362	64,746	58,259
Operating Expenses:				
Program services	40,991		40,991	37,677
General and administrative	6,586		6,586	5,724
Development	5,705		5,705	5,012
Total operating expenses	53,282	-	53,282	48,413
Change in net assets related to operating activities	7,102	4,362	11,464	9,846
Land Transactions and Conservation Easements:				
Government contract revenue		8,000	8,000	-
Contributions and grants		6,000	6,000	-
Contribution of land value granted	(16,000)		(16,000)	(9,815)
Land stewardship grant			-	(2,000)
Change in value of land	(100)		(100)	5,055
Net assets released from restrictions	16,391	(16,391)	-	-
Change in net assets related to land transactions and conservation easements	291	(2,391)	(2,100)	(6,760)
Other Changes in Net Assets:				
Investment income, net	9,412	444	9,856	4,458
Change in other changes in net assets	9,412	444	9,856	4,458
Change in Net Assets	16,805	2,415	19,220	7,544
Net Assets, beginning of year	138,141	61,094	199,235	191,691
Net Assets, end of year	\$ 154,946	\$ 63,509	\$ 218,455	\$ 199,235

See accompanying notes to the financial statements.

Save the Redwoods League

Statement of Functional Expenses (in thousands)

Year Ended March 31, 2026 (with comparative totals for 2025)

	2026							2025
	Protect	Restore	Connect	Total Program Services	General and Administrative	Development	Total	Total
Operating Expenses:								
Salaries and benefits	\$ 1,723	\$ 1,930	\$ 1,271	\$ 4,924	\$ 4,328	\$ 3,170	\$ 12,422	\$ 10,767
Professional services and fees	1,909	24,433	4,553	30,895	738	1,097	32,730	27,473
Project and property management fees	507	1,676	670	2,853			2,853	2,354
Grants	40	143	353	536			536	2,329
Marketing and public relations	42	25	6	73	586	756	1,415	1,539
Rent and office expenses	163	175	74	412	255	184	851	1,168
Travel, meals, and event costs	166	235	74	475	148	207	830	1,065
Technology and equipment	65	121	57	243	367	150	760	524
Property taxes, interest expense and other fees	143			143			143	282
Depreciation expense	5	9	4	18	15	11	44	152
Insurance	27	37	17	81	61	44	186	145
Other expenses	144	172	22	338	88	86	512	615
Operating expenses as shown on the Statement of Activities and Changes in Net Assets	4,934	28,956	7,101	40,991	6,586	5,705	53,282	48,413
Land Transactions and Conservation Easements:								
Land stewardship grant				-			-	2,000
Contribution of land value granted	16,000			16,000			16,000	9,815
Total land transactions and conservation easements	16,000	-	-	16,000	-	-	16,000	11,815
Other Expenses:								
Special event expenses				-		407	407	252
Total other expenses	-	-	-	-	-	407	407	252
Total Expenses	\$ 20,934	\$ 28,956	\$ 7,101	\$ 56,991	\$ 6,586	\$ 6,112	\$ 69,689	\$ 60,480

See accompanying notes to the financial statements.

Save the Redwoods League

Statement of Cash Flows (in thousands)

Year Ended March 31, 2026 (with comparative totals for 2025)	2026	2025
Cash Flows from Operating Activities:		
Change in net assets	\$ 19,220	\$ 7,544
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Fair value of real estate acquired	(24,145)	(18,482)
Proceeds from sale of land	8,000	50,306
Depreciation	44	152
Change in value of land	100	(5,055)
Contribution of land value granted	16,000	9,815
Net realized and unrealized gain on investments	(6,464)	(1,972)
Amortization of operating lease right-of-use assets	626	750
Changes in:		
Government contracts, contributions and bequests receivable	(6,899)	(3,856)
Prepaid expenses and other assets	(1,200)	22
Deposits for land transactions	2,380	(2,400)
Charitable trust assets	1,168	183
Accounts payable and accrued expenses	1,919	(2,091)
Refundable advances		500
Liabilities under unitrust agreements	24	(9)
Operating lease liabilities	(789)	(677)
Net cash provided by operating activities	9,984	34,730
Cash Flows from Investing Activities:		
Purchase of investments	(14,468)	(19,096)
Proceeds from sale of investments	5,045	8,238
Purchase of property and equipment	(559)	
Issuance of note receivable	(13,599)	
Net cash used in investing activities	(23,581)	(10,858)
Cash Flows from Financing Activities:		
Proceeds from notes payable		4,500
Payments on notes payable	(500)	(13,367)
Proceeds from line of credit		2,500
Payments on line of credit		(2,500)
Net cash used in financing activities	(500)	(8,867)
Net Change in Cash and Cash Equivalents	(14,097)	15,005
Cash and Cash Equivalents, beginning of year	30,533	15,528
Cash and Cash Equivalents, end of year	\$ 16,436	\$ 30,533

Supplemental Information:

Cash paid during the year for:

Interest	\$ 58	\$ 181
Operating leases	\$ 914	\$ 699

Non-cash transactions from operating activities:

Operating lease right-of-use assets financed by lease liabilities		\$ 737
Accrued purchases of property and equipment	\$ 234	

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 (Save the Redwoods) 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, Save the Redwoods works with partners to secure and restore redwood landscapes, creating healthy ecosystems, thriving communities, and lasting benefits for generations to come. Since 1918, Save the Redwoods 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 take several years to complete. In general, Save the Redwoods 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. Save the Redwoods monitors all conservation easements annually.

Subsequent to year-end, Save the Redwoods formed Redwood Stewardship Lands, LLC, a wholly owned, member-managed California limited liability company subsidiary organized to further Save the Redwoods's charitable mission.

Note 2 - Significant Accounting Policies:

Basis of Accounting and Presentation

Save the Redwoods 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 Save the Redwoods. The Board of Directors has designated \$106,500 of net assets without donor restrictions (see Note 9).

Net Assets with donor restrictions: the portion of net assets whose use by Save the Redwoods is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of Save the Redwoods. 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 Save the Redwoods. 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 Save the Redwoods 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. Save the Redwoods 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 - Save the Redwoods is the beneficiary under various wills and trust agreements. Contributions from estates and trusts are recognized in Save the Redwoods's financial statements on the following basis:

- a) *Estates or Trusts, with no probate*: Save the Redwoods only records bequest revenue for estates or trusts if the notices are received during the fiscal year, and Save the Redwoods 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 Save the Redwoods 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 - Save the Redwoods 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)

Save the Redwoods was awarded grants of \$34,683 that were not recognized at March 31, 2026 because qualifying expenditures or acquisition have not yet materialized (see Note 3).

Biomass revenue - Save the Redwoods 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 Save the Redwoods's financial statements. This helps fund the high cost of restoration work, contributing to the program's long-term financial sustainability.

Measure of Operations

Save the Redwoods'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

Save the Redwoods 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.

Fair Value Measurements

Save the Redwoods 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. Save the Redwoods 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 Save the Redwoods 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 are stated at cost and capitalized if expenditures exceed \$5. Assets acquired by contribution or bequest are stated at fair 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. Costs incurred for leasehold improvements not yet placed in service are classified as construction in progress and are not amortized until the underlying asset is substantially complete and placed in service.

Save the Redwoods has construction in progress of \$734 at March 31, 2026, which is included in property and equipment.

Property and equipment at March 31, 2026, consisted of furniture and fixtures, office equipment, vehicles, and construction in progress with a cost of \$1,346 and accumulated depreciation of \$487.

Depreciation expense for the year ended March 31, 2026, was \$44.

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.

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

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Notes to the Financial Statements (dollars in thousands)

Land conveyances are recognized at the fair value of the land on the transfer date. Any difference between fair value at transfer and the land's carrying amount is recorded as a change in value of land. Any difference between fair value at transfer and consideration received is recorded as a contribution of land value.

Easements:

Conservation easements are expensed as a program expense in the period in which they are acquired or donated to Save the Redwoods. Sales to public agencies of conservation easements on real estate held by Save the Redwoods 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

Save the Redwoods 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. Save the Redwoods 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 is the Trustee

Save the Redwoods is the trustee of two CRTs as of March 31, 2026. 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. Save the Redwoods'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.

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Notes to the Financial Statements (dollars in thousands)

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 Save the Redwoods.

Leases

Operating right-of-use lease assets represent Save the Redwoods's right to use an underlying asset during the lease term and operating lease liabilities represent Save the Redwoods'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. Save the Redwoods 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 on the 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. Save the Redwoods 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 Save the Redwoods 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, Save the Redwoods 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 Save the Redwoods in a manner consistent with the standard of prudence prescribed by California's enacted version of UPMIFA.

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, 2026, Save the Redwoods did not have endowment funds with material deficiencies.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Spending Policy

In accordance with the State of California's enacted version of UPMIFA, Save the Redwoods 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 Save the Redwoods 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 Save the Redwoods
- 7) The investment policies of Save the Redwoods

General Endowment

Save the Redwoods 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, Save the Redwoods considered the long-term expected return on its endowment. Accordingly, over the long term, Save the Redwoods expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with Save the Redwoods'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 Save the Redwoods 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 2026.

Program Endowments

A grantor established two endowment funds (the "Funds") to support the perpetual management, maintenance, preservation, and conservation easement stewardship of a Property, with the work to be carried out by the entity in accordance with the Long-Term Management Plan (LTMP). The Funds' earnings are intended to cover the costs of this work on the Property. However, if those earnings are not enough to meet the Property's land management, maintenance, and preservation needs, the entity is authorized to prudently draw on the available funds—including the principal (corpus)—to address the most critical needs first.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Endowment Investment Policy - Return Objectives and Risk Parameters

Save the Redwoods 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 Save the Redwoods 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. Save the Redwoods 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 10).

To satisfy its long-term rate-of-return objectives, Save the Redwoods 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). Save the Redwoods 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.

During the year ended March 31, 2026, Save the Redwoods received donated legal services from outside counsel, consisting of approximately 280 hours of pro bono legal services in connection with facility lease negotiations, conservation partnership matters, and corporate governance matters. These services met the recognition criteria for specialized skills under U.S. GAAP and were recognized at the estimated fair value of \$330, based on standard billing rates, reflected as both contribution revenue without donor restriction and as professional services expense for the year ended March 31, 2026.

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 Save the Redwoods becomes aware the grant will be refunded. Properties deeded to other organizations are treated as land transactions in the Statement of Activities and Changes in Net Assets. Grants made for other purposes are treated as program service expenses.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Allocation of Functional Expenses

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 Save the Redwoods's preferable method of charging expenses to various functions. Save the Redwoods 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 Save the Redwoods's management. The cost allocation methodologies deployed by Save the Redwoods 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

Save the Redwoods 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, 2026, management evaluated Save the Redwoods's tax positions and concluded that Save the Redwoods 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 Save the Redwoods's financial statements for the year ended March 31, 2025, from which the summarized information is derived.

Certain reclassifications have been made to the 2025 financial statements in order to conform to the 2026 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.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Subsequent Events

Save the Redwoods evaluated subsequent events with respect to the financial statements for the year ended March 31, 2026 through September 22, 2026, 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 Notes 1, 5, 7, and 15.

Note 3 - Government Contracts, Contributions and Bequests Receivable:

Government contracts, contributions, and bequests receivable consisted of the following as of March 31, 2026:

	<u>Gross</u>	<u>Allowance</u>	<u>Discount to Present Value</u>	<u>Net</u>
Government contracts receivable	\$ 7,003			\$ 7,003
Contributions receivable	2,744	\$ (77)	\$ (123)	2,544
Bequests receivable	12,795	(743)	(1,783)	10,269
Total	\$ 22,542	\$ (820)	\$ (1,906)	\$ 19,816

Government contracts, contributions, and bequests receivable were expected to be collected as follows as of March 31, 2026:

Within one year	\$ 17,388
Within two to five years	1,267
Thereafter	3,887
	22,542
Less discount	(1,906)
Less allowance	(820)
	\$ 19,816

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Save the Redwoods has received the following conditional promises to give that were not recognized as revenue in the accompanying financial statements as of March 31, 2026:

Government grants - to be recognized upon incurring allowable project expenses	\$ 34,683
Other	1,035
	\$ 35,718

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, 2026:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Cash and cash equivalents	\$ 5,790	\$ 5,790	
Equities:			
U.S. large cap	24,796	24,796	
U.S. mid cap	2,971	2,971	
Developed markets	17,020	17,020	
Emerging markets	5,466	5,466	
Mutual funds	2,025	2,025	
Fixed income:			
U.S. fixed income funds	31,305	31,305	
Corporate bonds	7,860		7,860
Total investments	97,233	89,373	7,860
Charitable Trust Assets (Held by Save the Redwoods):			
Cash and cash equivalents	15	15	
Equities	610	610	
Fixed income	175	175	
Real estate securities fund	23	23	
Charitable Trust Receivable (Held by Others)	1,466		1,466
Total charitable trust assets	2,289	823	1,466
Total	\$ 99,522	\$ 90,196	\$ 9,326

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Liabilities:			
Liability to beneficiaries	\$ (287)		\$ (287)
Deferred compensation	(63)		(63)
Total	\$ (350)	\$ -	\$ (350)

Net investment income was comprised of the following for the year ended March 31, 2026:

Interest and dividends	\$ 3,508
Realized gain on sale of investments	1,034
Unrealized gain on investments	5,541
Investment advisory fees	(227)
	\$ 9,856

Note 5 - Note Receivable:

During the year, Save the Redwoods issued a secured note (the Note) of \$13,599 to an unrelated third-party landowner to facilitate future conservation real estate transactions between the parties. The Note bears interest at a fixed rate of 3.66% per annum and is secured by a Deed of Trust on the underlying property which appraised for a significantly higher value than the loan and a Security Agreement over associated carbon credits. The Note requires interest-only payments annually each December 31, with all outstanding principal and accrued interest due in full at maturity, three years from origination.

The loan agreement further provides that in any future transaction in which Save the Redwoods purchases an interest in the underlying property from the borrower, the purchase price for that interest is credited against the outstanding note balance, applied first to accrued interest and then to principal. As of March 31, 2026, accrued interest income totaled \$140.

Subsequent to March 31, 2026, Save the Redwoods completed the purchase of a Phase I acquisition of a portion of the underlying property for \$1,824, which was credited against the outstanding note balance in accordance with the agreement.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 6 - Charitable Trust Assets:

Charitable trust assets consisted of the following as of March 31, 2026:

Charitable remainder trusts and gift annuities, net of discount of \$258	\$	1,466
Assets held in charitable trusts in which Save the Redwoods is both trustee and secondary beneficiary		823
Total	\$	2,289

Note 7 - Real Estate Held:

As of March 31, 2026, Save the Redwoods held 27 properties across the redwood range, with a total recorded value of \$76,184. During the fiscal year, Save the Redwoods completed a back-to-back transaction in Mendocino County, acquiring a property for \$24,000 and subsequently conveying it to its permanent steward for \$8,000, resulting in the recognition of a \$16,000 contribution of land value upon transfer. Save the Redwoods also acquired a property in Humboldt County for \$145. In addition, an existing property was reappraised during the year in anticipation of a planned disposition in the following fiscal year, resulting in a \$100 loss.

Real estate held consisted of the following as of March 31, 2026:

Real estate held, beginning of year	\$	76,139
Fair market value of real estate acquired		24,145
Book value of properties divested		(24,000)
Change in value of land		(100)
Real estate held, end of year	\$	76,184

Subsequent to March 31, 2026, Save the Redwoods donated real property with a book value of \$1,180 to a governmental organization and real property with book value of \$1,900 to a tribal entity. It also acquired Phase I of real property in Sonoma County (see Note 5).

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 8 - Debt and Refundable Advances:

Notes Payable

Notes payable consisted of the following as of March 31, 2026:

Loan 1, a program-related investment (PRI) loan with an original principal amount of \$3,000, bears annual interest at 1%, with interest payments due each January 31 and July 31 beginning July 31, 2025, and principal due on or before December 1, 2027. If Save the Redwoods receives \$1,000 or more in public agency funding in connection with that property's acquisition prior to maturity, it must make a mandatory prepayment equal to 20% of the funding amount, capped at the outstanding loan balance, within thirty days of receipt.

\$ 3,000

Loan 2, a PRI loan with an original principal amount of \$1,000, also bears annual interest at 1%, with interest payments due each January 31 and July 31 beginning January 31, 2025. Principal is due on the earlier of thirty business days after that property is sold or May 25, 2029. Save the Redwoods may be entitled to partial forgiveness of \$93 under this loan, contingent on timely repayment and compliance with the loan terms.

1,000

Loan 3, an unsecured loan with an original principal amount of \$500, bore annual interest at 3.7%, with simple interest paid annually on or before October 31 of each year beginning October 31, 2025, and the principal balance due in full on or before October 31, 2027. The loan was repaid in full in June 2025.

\$ 4,000

Annual maturities of notes payable at March 31, 2026 were as follows:

Year Ending March 31,	
2028	\$ 3,000
2030	1,000
Total	\$ 4,000

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Line of Credit

Save the Redwoods has an operating line of credit (LOC) of up to \$15,000. There was no balance outstanding as of March 31, 2026. The interest rate on the LOC is based on the Secured Overnight Financing Rate (SOFR) plus 1.15% and it is collateralized by Save the Redwoods investments held by the financial institution. The rate as of March 31, 2026, was 4.83% per annum. The LOC is an evergreen facility, which is reviewed annually in October, however it can be terminated at any time either by Save the Redwoods or the financial institution. The LOC may only be utilized for program-related projects.

Refundable Advances

As of March 31, 2026, Save the Redwoods has two refundable advances outstanding totaling \$1,000. Each advance is \$500 and bears interest at 0%, maturing on October 15, 2029 and June 1, 2030, respectively.

Note 9 - Board-Designated Net Assets:

Save the Redwoods's Board of Directors has approved five Board-designated funds:

- Land and Conservation Easement Stewardship and Defense Fund - to provide ongoing funding for Save the Redwoods's ad infinitum conservation easement monitoring obligations and the stewardship of held land, and the enforcement of Save the Redwoods'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 Save the Redwoods 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 Save the Redwoods's science and research and support for the education program;
- Operating Expense Reserve Fund - to provide Save the Redwoods 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, 2026:

Land and Conservation Easement Stewardship and Defense Fund	\$ 30,500
Park Enhancement Fund	41,800
Land and Conservation Easement Acquisition Opportunity Fund	10,000
Science and Education Fund	5,600
Operating Expense Reserve Fund	18,600
Total Board-designated net assets	\$ 106,500

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

Note 10 - Endowments:

Changes in donor-restricted endowment funds for the year ended March 31, 2026, were as follows:

	<u>General</u>	<u>Program</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,039	\$ 979	\$ 3,018
Change in endowment net assets:			
Interest and dividends	195		195
Unrealized gain		108	108
Change in endowment net assets	195	108	303
Endowment net assets, end of year	\$ 2,234	\$ 1,087	\$ 3,321

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 11 - Net Assets With Donor Restrictions:

Net assets with donor restrictions as of March 31, 2026 were as follows:

Time and purpose restrictions:	
Land protection	\$ 46,992
Stewardship and restoration	7,714
Parks and community engagement	1,815
Endowment earnings	1,963
With time restrictions including charitable trusts and bequests	3,667
Total time and purpose restrictions	62,151
Perpetual restrictions:	
General endowment funds	413
Program endowments	945
Total perpetual restrictions	1,358
Total net assets with donor restrictions	\$ 63,509

Land protection 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, 2026, were as follows:

Expiration of time restrictions	\$ 1,808
Satisfaction of purpose restrictions:	
Land protection	16,934
Stewardship and restoration	17,824
Parks and community engagement	5,480
Other	55
Total net assets released from restrictions	\$ 42,101

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 12 - Availability of Financial Assets and Liquidity:

Save the Redwoods's financial assets available for general expenditures as of March 31, 2026, were as follows:

Financial assets at year end:	
Cash and cash equivalents	\$ 16,436
Government contracts receivable	7,003
Contributions receivable, net	2,544
Bequests receivable, net	10,269
Investments	97,233
Note receivable	13,599
Total financial assets	147,084
Less amounts not available to be used within one year:	
Note receivable - long-term	(13,599)
Board-designated net assets	(106,500)
Net assets with donor restrictions, net of amounts expected to be met within one year and used to purchase real estate held	(7,936)
Add:	
Board-designated operating expense reserve fund available for use	18,600
	(109,435)
Financial assets available to meet general expenditures within one year	\$ 37,649

Save the Redwoods 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, Save the Redwoods 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. Save the Redwoods 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, Save the Redwoods operates with a balanced core budget and anticipates generating sufficient revenue to cover general expenditures.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Save the Redwoods has available a line of credit of up to \$15,000 which can be drawn for program related projects (see Note 8). The Board-designated operating expense reserve fund is available for use by Save the Redwoods without any action required by the Board (see Note 9).

Note 13 - Employee Benefit Plans:

In 2002, Save the Redwoods 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 Save the Redwoods and provides for voluntary salary deferrals up to certain amounts. Save the Redwoods 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 \$671 for the year ended March 31, 2026.

Note 14 - Concentration of Credit Risk:

Cash and Cash Equivalents

In the regular course of business, Save the Redwoods may maintain operating cash balances at a bank in excess of federally insured limits. Save the Redwoods 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 \$3,714 as of March 31, 2026.

Investments

Save the Redwoods's credit risk is inherent principally in its investments. As of March 31, 2026, 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 Save the Redwoods'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, 2026, Save the Redwoods held investments in excess of the SIPC insurance limits.

Government contracts, contributions and bequests revenue and receivables

Save the Redwoods'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, 2026, two donors representing 10% or more of total revenue and public support collectively accounted for 36% of that total. Additionally, two donors representing 10% or more of receivables related to government contracts, contributions, and bequests collectively accounted for 25% of that total.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 15 - Leases:

Save the Redwoods has two noncancellable operating leases. Save the Redwoods signed a new agreement extending its main office lease in San Francisco, which had originally been set to expire on December 31, 2024, for an additional 14 months, through February 28, 2026, with monthly rent of \$69 and three months of free rent included in the extension period. The extension also included a holdover option allowing Save the Redwoods to remain in the space beyond the extended term at a monthly rent equal to 1.5 times the then-current lease payment. Save the Redwoods exercised this holdover option and ultimately vacated the premises, ending the lease on March 31, 2026.

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,		
2027	\$	49
2028		50
Total lease payments		99
Less discount to present value		(4)
Present value of lease liabilities	\$	95

Rent expense for the year ended March 31, 2026, was \$751.

The weighted average remaining lease term as of March 31, 2026 was approximately 2 years. The weighted average discount rate as of March 31, 2026 was 4.27%.

Save the Redwoods entered into new operating leases for its San Francisco and Humboldt County office spaces. The San Francisco lease commenced May 1, 2026 and expires October 31, 2036 (126 months), with monthly rent escalating from approximately \$58 to \$78 over the term. The Humboldt County lease commenced May 1, 2026 and expires April 30, 2029 (3 years), with monthly rent of approximately \$6 over the term.

Save the Redwoods League

Notes to the Financial Statements (dollars in thousands)

Note 16 - Contingencies:

Legal

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

Government Contracts

Certain grants and contracts that Save the Redwoods administers and for which it receives reimbursement are subject to audit and final acceptance by the local, state and federal funding agencies. Current and prior year costs of such grants are subject to adjustment upon audit.