

TAHOE FUND

Tahoe City, California

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

March 31, 2023 and 2022

TAHOE FUND
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tahoe Fund

Opinion

We have audited the accompanying financial statements of Tahoe Fund (a nonprofit organization), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tahoe Fund as of March 31, 2023, and the changes in 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tahoe Fund 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 Tahoe Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Tahoe Fund'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 Tahoe Fund's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Tahoe Fund's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McClintock Accountancy Corporation

MCCLINTOCK ACCOUNTANCY CORPORATION
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August 8, 2023

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TAHOE FUND

Exhibit A

STATEMENTS OF FINANCIAL POSITION
 March 31, 2023 (with comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
Cash and cash equivalents	\$ 529,945	\$ 251,441	\$ 781,386	\$ 496,696
Beneficial interests in assets held at local community foundations (Note 4)	4,992,721	2,900,080	7,892,801	8,294,646
Contributions and pledges receivable, net (Note 6)	256,732	1,027,935	1,284,667	1,083,529
Programmatic investments (Note 5)	50,000	-0-	50,000	-0-
Prepaid expenses	42,124	-0-	42,124	16,179
Total Assets	<u>\$ 5,871,522</u>	<u>\$ 4,179,456</u>	<u>\$ 10,050,978</u>	<u>\$ 9,891,050</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 139,784	\$ -0-	\$ 139,784	\$ 122,367
Payroll liabilities	27,798	-0-	27,798	29,979
Funds held for others	8,016	-0-	8,016	6,087
Total Liabilities	<u>175,598</u>	<u>-0-</u>	<u>175,598</u>	<u>158,433</u>
NET ASSETS				
Without Donor Restrictions	564,534	-0-	564,534	239,477
Without Donor Restrictions - Board designated (Note 9)	5,131,390	-0-	5,131,390	5,718,471
With Donor Restrictions (Note 10)	-0-	4,179,456	4,179,456	3,774,669
Total Net Assets	<u>5,695,924</u>	<u>4,179,456</u>	<u>9,875,380</u>	<u>9,732,617</u>
Total Liabilities and Net Assets	<u>\$ 5,871,522</u>	<u>\$ 4,179,456</u>	<u>\$ 10,050,978</u>	<u>\$ 9,891,050</u>

The accompanying notes are an integral part of these statements.

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Exhibit B

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended March 31, 2023 (with comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Contributions	\$ 1,269,547	\$ 1,829,650	\$ 3,099,197	\$ 3,265,404
Governmental grants	-	60,619	60,619	77,341
Contract income	1,500	-	1,500	1,500
Donated goods, services and facilities (Note 13)	31,129	-	31,129	24,254
Gross special events revenue	110,950	-	110,950	121,965
Less: Cost of events	(144,888)	-	(144,888)	(123,644)
Net special events revenue	(33,938)	-	(33,938)	(1,679)
Change in value of beneficial interests in assets held at local community foundations	(572,792)	(20,251)	(593,043)	72,050
Other income	-	-	-	4
Net assets released from restrictions:				
Satisfaction of time restrictions	751,313	(751,313)	-	-
Satisfaction of purpose restrictions	713,918	(713,918)	-	-
Total net assets released	1,465,231	(1,465,231)	-	-
Total Revenue (Note 12)	2,160,677	404,787	2,565,464	3,438,874
EXPENSES				
Program services	1,844,722	-	1,844,722	1,571,029
Supporting services				
General and administrative	355,514	-	355,514	337,703
Fundraising	222,465	-	222,465	178,357
Total supporting services	577,979	-	577,979	516,060
Total Expenses	2,422,701	-	2,422,701	2,087,089
Increase (Decrease) in Net Assets	(262,024)	404,787	142,763	1,351,785
Net Assets at Beginning of Year	5,957,948	3,774,669	9,732,617	8,380,832
Net Assets at End of Year	\$ 5,695,924	\$ 4,179,456	\$ 9,875,380	\$ 9,732,617

The accompanying notes are an integral part of these statements.

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Exhibit C

STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2023 (with comparative totals for 2022)

	2023				2022
	Program Services	Supporting Services		Total	Total
	Program & Facilities	General and Administrative	Fund Raising		
Expenses					
Salaries, wages and related	\$ 469,726	\$ 110,283	\$ 135,860	\$ 715,869	\$ 507,497
Contracted services					
Consulting	16,167	6,706	37,534	60,407	85,156
Project expenses	11,186	-0-	-0-	11,186	8,796
Marketing and promotion	1,860	46,306	11,510	59,676	72,046
Accounting and legal	-0-	38,390	-0-	38,390	47,390
Community outreach	9,000	-0-	-0-	9,000	11,000
Other contract services	45,760	19,179	-0-	64,939	27,379
Grants	1,071,998	-0-	-0-	1,071,998	967,091
Unfulfilled pledges	-0-	18,674	-0-	18,674	24,710
Events	7,209	-0-	-0-	7,209	5,078
Occupancy	20,404	6,461	7,141	34,006	20,945
Bank and merchant card fees	-0-	23,031	-0-	23,031	28,641
Other expenses	1,789	8,093	4,943	14,825	13,417
Printing, copying, and publications	4,757	18,216	1,680	24,653	22,336
Travel	2,761	14,059	245	17,065	12,022
Dues and subscriptions	-0-	10,686	-0-	10,686	10,119
Insurance	-0-	8,621	-0-	8,621	5,068
Computer, software and supplies	41,968	12,182	13,300	67,450	85,994
Telephone and internet	-0-	10,029	-0-	10,029	7,400
Postage and shipping	-0-	4,598	8,982	13,580	12,740
Advertising and promotion	140,137	-0-	1,270	141,407	112,265
	<u>\$ 1,844,722</u>	<u>\$ 355,514</u>	<u>\$ 222,465</u>	<u>\$ 2,422,701</u>	<u>\$ 2,087,089</u>

The accompanying notes are an integral part of these statements.

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Exhibit D

STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<u>Total</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 142,763	\$ 1,351,785
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Unfulfilled pledges	18,674	24,710
Contributions restricted to endowment	(29,271)	(13,090)
Change in receivables	(293,699)	(206,222)
Amortization of discount on promises to give	73,886	7,636
Change in beneficial interests in assets at local community foundations	399,614	(1,620,249)
Change in prepaid expenses and other assets	(25,947)	(2,851)
Change in payables	17,420	(187,466)
Change in accrued liabilities and funds held for others	(252)	(14,720)
Total Adjustments	<u>160,425</u>	<u>(2,012,252)</u>
Net Cash Provided (Used) by Operating Activities	<u>303,188</u>	<u>(660,467)</u>
Cash Flows from Investing Activities:		
Purchase of programmatic investments	<u>(50,000)</u>	<u>-0-</u>
Net Cash Used by Investing Activities	<u>(50,000)</u>	<u>-0-</u>
Cash Flows from Financing Activities:		
Contributions restricted for:		
Investment in Trails Endowment (Note 7)	25,360	10,440
Investment in Operating Endowment (Note 8)	<u>3,911</u>	<u>2,650</u>
Other financing activities:		
Interest and dividends restricted for reinvestment	<u>2,231</u>	<u>4,036</u>
Net Cash Provided for Financing Activities	<u>31,502</u>	<u>17,126</u>
Net Increase (Decrease) in Cash and Cash Equivalents	284,690	(643,341)
Cash and Cash Equivalents, Beginning of the Year	<u>496,696</u>	<u>1,140,037</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 781,386</u>	<u>\$ 496,696</u>

The accompanying notes are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

1. Form of Organization

Tahoe Fund was incorporated in April 2010 as a non-profit corporation in the States of Nevada and California. The purpose of Tahoe Fund is to build broad support and funding for environmental projects and programs around the Lake Tahoe Basin with an emphasis on lake clarity, sustainable recreation, forest health, transportation and stewardship. Tahoe Fund is funded primarily by contributions from individuals, businesses, and foundations.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements of Tahoe Fund have been prepared on the accrual basis of accounting. Additionally, information regarding its financial position and activities are classified according to two classes of net assets based upon the existence or absence of donor-imposed restrictions, as follows:

Net Assets Without Donor Restrictions are resources currently available for various programs and administration of Tahoe Fund, board designated funds, or invested in property and equipment.

Net Assets With Donor Restrictions consist of donor restricted contributions. Amounts restricted by the donor for a particular purpose or time period are reported as revenue with donor restrictions when received and such unexpended amounts are reported as net assets with donor restrictions at year end.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from restrictions.”

Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise stipulated by the donor.

Contributions

Contributions are recorded at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are recorded as support with donor restrictions. Conditional contributions are recognized when the conditions are substantially met.

Donated Goods, Facilities, and Services

Donations of goods and facilities (which may include securities, equipment, and use of office space) are recorded at fair value at the date of the gift and reported as gifts without donor restrictions unless the donor has stipulated how long the asset must be used or has restricted the item(s) for a specific purpose.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

Many individuals volunteer their time and perform a variety of tasks that assist Tahoe Fund. Contributions of services are recognized at fair value if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation.

Functional Expenses

Tahoe Fund's expenses are recorded into the functional expense categories of program and facilities, general and administrative, and fund raising based on a combination of direct identification and, when significant, allocation.

To the extent possible, expenses are recorded in the functional category that receives the most benefit. Expenses requiring allocation are allocated based on a reasonable basis that is consistently applied. Wages and benefits are allocated on the basis of estimates for time and effort. Occupancy expenses are allocated based on a combination of square footage and an estimate of time and effort of the employees that occupy the square footage of each office. Insignificant indirect expenses, such as, office supplies and telephone are recorded as general and administrative.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed. Actual results could differ from those estimates.

Liquidity Presentation

In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash and liabilities have been sequenced according to the nearness of their maturity and resulting use of cash.

Allowance for Unfulfilled Pledges

An allowance for unfulfilled pledges is created when an pledge's collectability is uncertain. Tahoe Fund estimates unfulfilled pledges based on factors related to the specific payer's ability to pay and current economic trends. As of March 31, 2023 and 2022, the allowance for unfulfilled pledges was \$18,574 and \$27,210, respectively.

Cash and Cash Equivalents

For the purposes of the statement of cash flow, cash is defined as highly liquid investments with remaining maturities of three months or less at the time of purchase.

Fair Value Measurements

Fair value is a market-based measurement not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For others, market transactions or information might not be available. However, the objective of a fair value measurement in both cases is the same - to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place

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between market participants at the measurement date under current market conditions. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs, as defined by generally accepted accounting principles (GAAP), is used.

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
Level 3 Inputs	Unobservable inputs for the assets or liabilities (that is, inputs supported by little or no market activity).

The carrying amounts of financial instruments, including cash and accounts payable approximate their fair value due to the short-term maturities of these instruments.

Fixed Assets

Property, furniture, equipment and related costs are capitalized individually at \$5,000 and above and stated at cost.

Depreciation is computed on the straight-line basis over the useful lives of the assets. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account.

Funds Held for Others

Funds held for others are monies received from organizations participating in the Green Bucks program (a contribution program with area resorts, hotels and restaurants) which are to be paid out to the Truckee River Watershed Council, another recipient of Green Bucks program contributions.

Income Taxes

Tahoe Fund is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and a similar exemption for California purposes. Tahoe Fund is not classified as a private foundation. Unrelated business income, if any, is taxed at regular corporate tax rates.

Management has processes presently in place to ensure maintenance of its tax exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which there is nexus; and to identify and evaluate other matters that may be considered tax positions. Tahoe Fund has evaluated their tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition of disclosure in the financial statements.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

3. Concentrations of Credit Risk

Tahoe Fund maintains accounts at local banks. The balance in these accounts may, at times, exceed federally insured limits.

Tahoe Fund has a beneficial interest in assets held at local community foundations (Note 4). The funds are held at Parasol Foundation and Tahoe Truckee Community Foundation (local community foundations) and invested in equities, bonds and other alternative investments which fluctuate with market conditions. Tahoe Fund has evaluated the guidelines established by the local community foundations relative to diversification and maturities that target certain safety and liquidity measures and believe that, although the value of these assets are subject to fluctuations on a year-to-year basis, the investment policies of the local community foundations are prudent for long-term growth.

Tahoe Fund minimizes credit risk by periodically evaluating the credit quality of its financial institutions and local community foundations. Additionally, no material losses have been experienced on any such accounts and management believes Tahoe Fund is not exposed to any significant credit risk.

4. Beneficial Interest in Assets Held at Community Foundations

Tahoe Fund has contracted with local community foundations for investment management with Tahoe Fund as the beneficiary. The funds consisted of project funds with donor restrictions, a board designated endowment (Note 9), the Trails Endowment (Note 7), the operating endowment (Note 8) and operating reserves. Distributions from the accounts can be made at any time at the written request of Tahoe Fund and in accordance with the policies of the local community foundations

Tahoe Fund granted variance power to the local community foundations. Variance power protects funds from obsolescence. Should the purposes for which Tahoe Fund was created become obsolete, incapable of fulfillment or inconsistent with the charitable needs of the community served, it is the local community foundation's Board of Directors responsibility, after contacting and being advised by Tahoe Fund, to revise the charitable intent of remaining funds to use for a purpose as similar as possible to those set forth in the Tahoe Fund agreement.

At March 31, 2023 and 2022, the funds have the following values and are reported in the statement of financial position at fair value as a beneficial interest in assets held by others:

	<u>2023</u>	<u>2022</u>
Parasol Foundation	\$ 7,875,077	\$ 8,276,161
Tahoe Truckee Community Foundation	17,724	18,485
	<u>\$ 7,892,801</u>	<u>\$ 8,294,646</u>

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March 31, 2023 and 2022

The beneficial interest is valued at the proportional share of pooled funds as reported to Tahoe Fund by the local community foundations and is included within Level 3 of the fair value hierarchy (Note 2). As of March 31, 2023, the local community foundation's investments are composed approximately of 37.3% domestic equities and equity funds, 12.4% international equity funds, 43.7% bonds, and 6.6% alternate investment and money market funds. As of March 31, 2022, the local community foundation's investments are composed approximately of 45.4% domestic equities and equity funds, 5.1% international equity funds, 43.1% bonds, and 6.4% alternate investment and money market funds. As required by generally accepted accounting principles, net assets associated with these funds are classified and reported based on the existence or absence of donor-imposed restrictions.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2023	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 7,892,801</u>	<u>\$ 7,892,801</u>
2022	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,294,646</u>	<u>\$ 8,294,646</u>

The following table provides a summary of changes in fair value of Tahoe Fund's Level 3 financial assets for the year ended March 31:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 8,294,646	\$ 6,678,433
Additions	377,766	1,780,050
Distributions	(186,568)	(235,692)
Change value of beneficial interest	(593,043)	71,855
Ending Value of Balance	<u>\$ 7,892,801</u>	<u>\$ 8,294,646</u>

5. Programmatic Investments

The primary purpose of a programmatic investment is to further the tax-exempt objectives of the organization with the production of income or appreciation of the asset not being a significant purpose. Tahoe Fund invests in these types of investments as opportunities present themselves.

During the fiscal year ended March 2023, Tahoe Fund made its first programmatic investment in a company that is automating forest thinning with plans to expand operations in the Tahoe area. This investment aligns programmatically with Tahoe Fund's priority to increase the pace and scale of forest restoration to reduce the threat of catastrophic wildfires. As this company is a startup and the stock (Seed 1 Preferred Stock) is currently restricted with no active market, there is no readily determinable fair value (Level 3 investment). Additionally, at less than .5% ownership, Tahoe Fund has no controlling interest nor the ability to exercise significant influence.

Tahoe Fund has chosen the measurement alternative to value the investment at cost minus impairment, if any (ASC 321-10-35-2). The company is just starting and thus far, there have been no indicators of impairment, such as: change in the management team, adverse

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conditions in the industry, changes in the technological environment, or change in business prospects. As such, the current value has been measured accordingly at \$50,000, the price initially paid.

6. Contributions Receivable

Contributions, including promises to give, are recognized at their estimated fair value, on a nonrecurring basis, at the time the contribution or promise is made. Fair value is determined by calculating the net present value of estimated future cash flows. The Wall Street Journal prime rate is the discount rate used in determining the net present value of contributions receivable and was 8% and 3.5% at March 31, 2023 and 2022, respectively. The receivables are included within Level 3 of the fair value hierarchy because determination of the net present value of future cash flows is based on little or no market data and requires management to develop their own assumptions.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2023	\$ -0-	\$ -0-	\$ 1,284,667	\$ 1,284,667
2022	\$ -0-	\$ -0-	\$ 1,083,529	\$ 1,083,529

Contributions receivable consist of the following at March 31:

	<u>2023</u>	<u>2022</u>
Less than 1 year	\$ 275,306	\$ 187,304
1-5 years	1,145,500	967,114
Total contributions receivable	1,420,806	1,154,418
Less: unamortized discount	(117,565)	(43,679)
Less: allowance for unfulfilled pledges	(18,574)	(27,210)
	<u>\$ 1,284,667</u>	<u>\$ 1,083,529</u>

7. Trails Endowment

During 2020, Tahoe Fund received a donation with a donor restriction to setup a trails endowment fund to support trail improvements around the Tahoe region. At times, Tahoe Fund also contributes board designated funds into the endowment. Tahoe Fund's goal is to grow the fund to \$3,000,000 over time. Earnings from this fund are available for use immediately to support the endowment's purpose.

The funds are held at a local bank and a local community foundation (Note 4). When contributions with donor restrictions are received, they are held at a local bank and periodically transferred to the local community foundation. The funds held at the local community foundation are invested in funds that are expected to provide an average annual rate of return sufficient to preserve the capital of the fund while providing an annual stream of funding sufficient to support the endowment's purposes.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

	2023		
	With Donor Restrictions	Board Designated	Total
Beginning of year	\$ 211,917	\$ 807,849	\$ 1,019,766
Contributions	25,360	-0-	25,360
Distributions	(11,400)	(33,600)	(45,000)
Investment income	2,190	8,172	10,362
Unrealized loss	(22,213)	(84,371)	(106,584)
End of year	<u>\$ 205,854</u>	<u>\$ 698,050</u>	<u>\$ 903,904</u>

	2022		
	With Donor Restrictions	Board Designated	Total
Beginning of year	\$ 179,209	\$ 542,336	\$ 721,545
Contributions	10,440	241,573	252,013
Distributions	(1,950)	(9,750)	(11,700)
Investment income	3,610	17,759	21,369
Unrealized gain	20,608	15,931	36,539
End of year	<u>\$ 211,917</u>	<u>\$ 807,849</u>	<u>\$ 1,019,766</u>

8. Operating Endowment

During 2015, Tahoe Fund established an endowment fund from its net assets without donor restrictions, known as a quasi-endowment, to support the operating expenses of Tahoe Fund. Tahoe Fund's Board set a minimum of \$1,000,000 before appropriations will be made from the endowment. The plan currently is to re-invest earnings and future donations with and without donor restrictions to grow the endowment before appropriations are made.

The funds are held at local community foundations (Note 4) in long term funds that are expected to provide an average annual rate of return sufficient to preserve the capital of the fund while providing an annual stream of funding sufficient to support the endowments' purposes.

	2023		
	With Donor Restrictions	Board Designated	Total
Beginning of year	\$ 2,625	\$ 1,531,542	\$ 1,534,167
Contributions	3,911	-0-	3,911
Investment income	41	16,160	16,201
Unrealized gain (loss)	(269)	(156,230)	(156,499)
End of year	<u>\$ 6,308</u>	<u>\$ 1,391,472</u>	<u>\$ 1,397,780</u>

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March 31, 2023 and 2022

	2022		
	With Donor Restrictions	Board Designated	Total
Beginning of year	\$ -0-	\$ 1,229,012	\$ 1,229,012
Contributions	2,650	215,000	217,650
Investment income	-0-	23,755	23,755
Unrealized gain (loss)	(25)	63,775	63,750
End of year	<u>\$ 2,625</u>	<u>\$ 1,531,542</u>	<u>\$ 1,534,167</u>

9. Board Designated

The board of directors established funds for future projects and priorities consistent with the strategic plan.

Board designations consist of the following at March 31:

	2023	2022
Designated for particular purpose or project	\$ 1,815,194	\$ 2,068,633
Operating reserves	1,226,674	1,310,447
Operating endowment (Note 8)	1,391,472	1,531,542
Trails Endowment (Note 7)	698,050	807,849
	<u>\$ 5,131,390</u>	<u>\$ 5,718,471</u>

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	2023	2022
Bikeways	\$ 2,470,867	\$ 2,175,768
Conservation	74,213	89,250
Environmental Venture Trust	80,714	78,524
Forest Health	218,279	114,819
Recreation & other	168,273	78,666
Trails Endowment (Note 7)	205,854	211,917
Operating Endowment (Note 8)	6,308	2,625
Stewardship	67,841	99,666
Time restricted pledges	887,107	923,434
	<u>\$ 4,179,456</u>	<u>\$ 3,774,669</u>

Earnings generated by funds with donor restrictions is available for appropriation by the Board of Directors with the exception of earnings generated by the Trails Endowment funds with donor restrictions.

TAHOE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

11. Liquidity and Availability of Resources

Tahoe Fund's goal is to cover general expenditures through donations received without donor restrictions. This is done through various fundraising campaigns, such as the Green Bucks program, Stewardship circle (a 3-year annual commitment), and general donations from individuals and foundations. Although largely waived in recent years, 10% of donations received with donor restrictions are also available for general expenditures.

Tahoe Fund also has a policy to maintain an operating reserve adequate to cover 24 months of general expenditures, approximately \$1,400,000, and operates with a balanced budget. As part of its liquidity plan, excess cash is invested in a combination of intermediate and short-term investments.

General expenditures include all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes project expenses.

Project expenses have largely been covered by donations received with donor restrictions. However, board designated and other donations received without donor restrictions are also used. At the discretion of the board of directors, amounts that are board designated can be reallocated and used to meet general expenditures as needed.

At March 31, the following financial assets were available to meet general expenditures over the next twelve months:

Financial Assets at Year End	2023	2022
Cash	\$ 781,386	\$ 496,696
Beneficial Interests	7,892,801	8,294,646
Contributions Receivable, net	1,284,667	1,083,529
Total financial assets	9,958,854	9,874,871
 Adjustments:		
Less: Net assets with donor restrictions (Note 10)	(4,179,456)	(3,774,669)
Plus: Time restrictions to be met during fiscal year	693,000	632,113
Less: Board Designated (Note 9)	(5,131,390)	(5,718,471)
Plus: Board Designated for Operating Reserves (Note 9)	1,226,674	1,310,447
	(7,391,172)	(7,550,580)
Financial Assets Available	\$2,567,682	\$2,324,291

TAHOE FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

12. Sources of Revenue

For the years ended March 31, 2023 and 2022, all sources of revenue were individually 9% or less of current revenue and not considered by management to be individually significant to overall operations.

13. Donated Goods, Services and Facilities

The following amounts are recognized in the financial statements for the year ending March 31:

	2023	2022	
Use of facilities/meeting rooms	\$ 8,853	\$ 6,102	Administrative
Use of facilities/meeting rooms	6,638	4,576	Fundraising
Use of facilities/meeting rooms	6,638	4,576	Program
Database subscriptions	9,000	9,000	Fundraising
Total	\$ 31,129	\$ 24,254	

Tahoe Fund has an annual grant from the Parasol Foundation for office and meeting space. The Parasol Foundation contributes 70% of the market value for furnished office space and Tahoe Fund pays the remaining 30%. Additionally, the Parasol Foundation provides meeting space and storage. The value of facilities donated by the Parasol Foundation for the year ended March 31, 2023 was \$16,069 for office space, \$5,250 for meeting space, and \$810 for storage space for a total of \$22,129. The value of facilities donated by the Parasol Foundation for the year ended March 31, 2022 was \$10,369 for office space, \$4,075 for meeting space, and \$810 for storage space for a total of \$15,254. These amounts were allocated by functional expense as noted above.

14. Related Parties

For the year ended March 31, 2022, marketing and website services were provided by an entity owned by the spouse of a board member. Related expense for the services was \$11,711 and \$-0- was payable as of March 31, 2022.

15. Subsequent Events

Subsequent events have been evaluated by management through August 8, 2023 the date that the statements were available for issuance, and no events material to the financial statements were identified.