

RESTORE AMERICA'S ESTUARIES
(a nonprofit organization)

FINANCIAL STATEMENTS

Year Ended December 31, 2020
with Summarized Comparative Information
for the year ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To Board of Directors
Restore America's Estuaries
Arlington, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Restore America's Estuaries (the Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditor considers 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 the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Contingencies

As noted in Note 12 to the financial statements, economic uncertainties have arisen as a result of the spread of the novel coronavirus which are likely to impact the Organization's operations. Our opinion is not modified with respect to this matter and no pandemic implications are accounted for in these financial statements.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Renner and Company, CPA, P.C.

Alexandria, Virginia
June 22, 2021

RESTORE AMERICA'S ESTUARIES

STATEMENT OF FINANCIAL POSITION

December 31, 2020 (with Comparative Information as of December 31, 2019)

	ASSETS	
	2020	2019
CURRENT ASSETS		
Cash	\$ 475,998	\$ 312,527
Investments	385,102	380,224
Accounts receivable	25,115	26,649
Grants receivable	1,642,065	486,871
Prepaid expenses	5,336	91,530
TOTAL CURRENT ASSETS	<u>2,533,616</u>	<u>1,297,801</u>
OTHER ASSETS		
Security deposit	4,452	4,452
TOTAL ASSETS	<u>\$ 2,538,068</u>	<u>\$ 1,302,253</u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,710,095	\$ 597,543
Deferred revenue	-	93,840
Deferred rent	4,798	3,404
TOTAL CURRENT LIABILITIES	<u>1,714,893</u>	<u>694,787</u>
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	11,234	16,032
TOTAL LIABILITIES	<u>1,726,127</u>	<u>710,819</u>
NET ASSETS		
Without donor restrictions	466,518	427,550
With donor restrictions	345,423	163,884
TOTAL NET ASSETS	<u>811,941</u>	<u>591,434</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,538,068</u>	<u>\$ 1,302,253</u>

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020 (with Summarized Comparative Information for the year ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Government grants	\$ 4,146,978	\$ -	\$ 4,146,978	\$ 2,370,211
Grants and contributions	217,209	285,500	502,709	466,457
Conferences and meetings	469,753	-	469,753	62,080
Affiliate dues	45,000	-	45,000	46,500
Investment income	4,907	-	4,907	10,118
Other income	20,284	-	20,284	599
Net assets released from restriction:				
Satisfaction of program restrictions	103,961	(103,961)	-	-
TOTAL SUPPORT AND REVENUE	<u>5,008,092</u>	<u>181,539</u>	<u>5,189,631</u>	<u>2,955,965</u>
EXPENSES				
Program services	4,577,926	-	4,577,926	2,711,096
General and administrative	277,366	-	277,366	193,497
Fundraising	113,832	-	113,832	98,503
TOTAL EXPENSES	<u>4,969,124</u>	<u>-</u>	<u>4,969,124</u>	<u>3,003,096</u>
CHANGE IN NET ASSETS	38,968	181,539	220,507	(47,131)
NET ASSETS, beginning of year	<u>427,550</u>	<u>163,884</u>	<u>591,434</u>	<u>638,565</u>
NET ASSETS, end of year	<u>\$ 466,518</u>	<u>\$ 345,423</u>	<u>\$ 811,941</u>	<u>\$ 591,434</u>

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020 (with Summarized Comparative Information for the year ended December 31, 2019)

	2020			Total	2019
	Program Services	General and Administrative	Fundraising		
EXPENSES					
Affiliate support	\$ 3,349,210	\$ -	\$ -	\$ 3,349,210	\$ 1,693,870
Payroll and related costs	767,967	107,108	105,415	980,490	839,312
Professional fees	176,530	75,398	3,227	255,155	125,215
National conference	212,039	-	-	212,039	-
Office related expense	2,994	62,781	1,790	67,565	70,872
Business related costs	15,375	8,036	3,132	26,543	14,242
NOAA/CRP member support	21,897	-	-	21,897	21,400
Communications	3,623	12,426	-	16,049	14,640
Other expenses	15,000	164	-	15,164	-
Travel	6,742	4,027	56	10,825	44,256
Meeting, conference, staff development	620	6,696	-	7,316	59,088
Marketing and advertising	4,114	-	-	4,114	-
Product production	1,774	292	-	2,066	2,143
Postage and delivery	41	438	212	691	830
Grant partner support	-	-	-	-	117,228
TOTAL EXPENSES	<u>\$ 4,577,926</u>	<u>\$ 277,366</u>	<u>\$ 113,832</u>	<u>\$ 4,969,124</u>	<u>\$ 3,003,096</u>

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020 (with Comparative Information for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	\$ 3,791,924	\$ 2,944,058
Investment income	5,145	8,230
	<u>3,797,069</u>	<u>2,952,288</u>
Cash disbursed by operations		
Payments to suppliers and employees	<u>3,773,782</u>	<u>2,866,472</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>23,287</u>	<u>85,816</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and transfer of investments	333,000	100,000
Purchase of investments and reinvested dividends	<u>(338,116)</u>	<u>(58,113)</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(5,116)</u>	<u>41,887</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	<u>145,300</u>	<u>-</u>
NET INCREASE IN CASH AND RESTRICTED CASH	163,471	127,703
CASH AND RESTRICTED CASH, beginning of year	<u>312,527</u>	<u>184,824</u>
CASH AND RESTRICTED CASH, end of year	<u><u>\$ 475,998</u></u>	<u><u>\$ 312,527</u></u>

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020 (with Comparative Information for the year ended December 31, 2019)

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2020</u>	<u>2019</u>
CHANGE IN NET ASSETS	<u>\$ 220,507</u>	<u>\$ (47,131)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Non-cash occupancy costs	(3,404)	(2,043)
Recognition of Paycheck Protection Program loan forgiveness	(145,300)	-
Unrealized loss (gain) on investments	<u>238</u>	<u>(1,888)</u>
NET ADJUSTMENTS	<u>(148,466)</u>	<u>(3,931)</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING CASH		
ASSETS		
Accounts receivable	1,534	124,683
Grants receivable	(1,155,194)	(220,312)
Prepaid expenses	<u>86,194</u>	<u>(85,535)</u>
	<u>(1,067,466)</u>	<u>(181,164)</u>
LIABILITIES		
Accounts payable and accrued expenses	1,112,552	224,202
Deferred revenue	<u>(93,840)</u>	<u>93,840</u>
	<u>1,018,712</u>	<u>318,042</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>(48,754)</u>	<u>136,878</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 23,287</u></u>	<u><u>\$ 85,816</u></u>
NON-CASH INVESTING ACTIVITIES		
(Decrease) increase in fair value of investments	\$ (238)	\$ 1,888
Unrealized loss (gain) in fair value of investments	<u>238</u>	<u>(1,888)</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE

Nature of Activities

Restore America's Estuaries (the Organization) is a national 501(c)(3) nonprofit organization established in 1995 as an alliance of community-based conservation organizations working to protect and restore the vital habitats of our nation's estuaries. The Organization is dedicated to working closely with community, private, and governmental organizations to preserve the nation's network of estuaries by protecting and restoring the lands and waters essential to the richness and diversity of coastal life.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses are recognized when obligations are incurred.

Cash and Cash Equivalents

As of December 31, 2020 and 2019, cash consisted of two checking accounts and a savings account. Cash held within brokerage accounts is considered as investment holdings. All highly liquid investments available for current use within an initial maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2020 and 2019.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Receivables are generally due thirty days after they are billed and are considered past due if unpaid within thirty days. The Organization recognizes bad debts when, in the opinion of management, a specific account becomes uncollectible.

Investments

Investments are recorded at fair value. Realized and unrealized gains and losses are included in investment income in the accompanying statement of activities.

Property and Equipment

The Organization has adopted a capitalization policy to capitalize all purchases greater than \$5,000 that meet the criteria for capitalization. Routine repairs and maintenance are expensed as incurred.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Fair Value Measurements

The Organization applies accounting principles generally accepted in the United States (U.S. GAAP) for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

Deferred Revenue

Amounts received in advance for governmental grant activities of the Organization and sponsorships are deferred and recognized in the year to which they apply.

Net Assets

The net assets of the Organization are divided into two classes: net assets without donor restriction and net assets with donor restriction.

Without donor restrictions

Net assets without donor restriction include revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organization and include both internally designated and undesignated resources.

With donor restrictions

Net assets with donor restriction include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities and change in net assets as net assets released from restrictions.

Revenue Recognition

The Organization provides membership and affiliate membership services to its members located in the United States for the purpose of furthering its mission. The Organization also hosts a biennial National Coastal and Estuarine Summit which gathers coastal professionals who are involved in policy, science, strategy, business, and on-the-ground restoration and management.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Revenue Recognition (Continued)

The Organization recognizes all unconditional contributed support in the period in which the commitment is made. Grants and cooperative agreements with federal and local government agencies are deemed to be exchange transactions and, accordingly, revenue is recognized when funds are utilized by the Organization to carry out the activity stipulated in the grant or cooperative agreement. Accordingly, amounts received but not recognized as revenue are classified in the statement of financial position as deferred revenue and amounts expended but not yet received are classified as accounts receivable. Conversely, revenue from fixed-price agreements are recorded as costs are incurred in relation to the grant agreements.

Disaggregation of Revenue

The Organization disaggregates revenue according to its services provided. The Organization details the amounts of memberships dues which is recognized over the membership period. The Organization also hosts a biennial Summit and furnishes benefits to sponsors in consideration based on sponsorship level rates. The Summit revenue is recognized at a point in time, once the Summit has occurred.

Performance Obligations

Membership dues are recognized over the membership period. The contract for membership dues is established once payment is received, for which the Organization provides membership rights and privileges for one year. Membership rates for the years ended December 31, 2020 and 2019 was \$4,500.

Conference registrations are recognized at the time the conference is held. The contract for conference registrations is established once payment is received, for which the Organization provides access to the 2020 Summit and all rights and privileges of a Summit participant. Registration rates for the year ended December 31, 2020 were between \$375 and \$425 for any Summit Backer, \$275 and \$350 for Participants and between \$75 and \$100 for Students. In addition, for participants whom selected the Summit Backer rate, there was a \$100 savings off the 2022 Summit Registration and a free Field Session in 2022 (\$175 value). There was no conference held in 2019 due to the biennial nature of the conference.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Revenue Recognition (Continued)

Sponsorships are recognized at a point in time, when the Summit occurs. The contract for sponsorships is established on payment, for which the Organization provides various benefits such as virtual display and virtual distribution of signage in various formats and platforms. In addition, the Organization provides registrations to sponsor attendees based on sponsorship levels. Sponsorship rates ranged from \$500 to \$50,000 for the year ended December 31, 2020. There was no conference held in 2019 due to the biennial nature of the conference, resulting in no sponsorships.

Significant Judgments

The Organization's Board of Directors determines the price for its membership dues and assessments each year. The price for conferences and for the Summit is determined by management which accounts for all the expenses to be incurred and includes it in the transaction price.

Income Taxes

The Organization is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to tax on net income generated by activities considered to be unrelated business income.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Organization's tax positions and concluded no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance were taken.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Government Grants

The Organization participates in federal grant programs which are subject to financial and compliance audits by the federal agencies or their representatives. As such, there is a possibility that questioned costs might result from such an audit in the future. Management estimates that there are no material unallowable costs.

Allocated Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs including payroll and related costs, professional fees, office related expenses, business related costs, travel, and postage and delivery have been allocated among program services, general and administrative, and fundraising costs based on time expended or space occupied. Communications, other expenses, meeting, conference, staff development and product production have been allocated among program services and administrative costs based on time expended or space occupied.

Summarized Comparative Information

The financial statements include certain summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Adoption of New Accounting Standard

The Organization has adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2014-09, Revenue from Contracts with Customers modifying ASC sections 606, 840, and 842, respectively. The change has been applied as of December 31, 2020, with no effect on beginning net assets without donor restrictions.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Liquidity

The Organization maintains a liquid cash balance in checking and savings accounts in an amount necessary to meet its anticipated expenditures in the next 30 days. Cash in excess of this amount is invested in short-term investments.

The Organization reconciles the balance of financial assets subject to donor restrictions monthly based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Organization's monthly financial reporting process.

The Organization also maintains a \$50,000 credit limit on its credit cards to help manage cash flow.

The Organization's financial assets available within one year to meet cash needs for general expenditures through December 31, 2021 are as follows:

Financial Assets	
Cash	\$ 475,998
Investments	385,102
Accounts receivable	25,115
Grants receivable	1,642,065
Total financial assets	<u>\$ 2,528,280</u>
Less amounts not available within one year	
Purpose restricted net assets	<u>(345,423)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 2,182,857</u></u>

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

2. CASH

Cash as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Checking accounts	<u>\$ 475,998</u>	<u>\$ 312,527</u>

The balances in a financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The bank balances as of December 31, 2020 and 2019 not covered by FDIC deposit insurance were \$326,591 and \$133,862, respectively.

The Organization maintained restricted cash in the amounts of \$345,423 and \$163,884 for the years ended December 31, 2020 and 2019, respectively.

3. ACCOUNTS AND GRANTS RECEIVABLE

Receivables as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Accounts receivable - program and miscellaneous	<u>\$ 25,115</u>	<u>\$ 26,649</u>
Grants receivable		
NOAA	35,840	1,790
USFWS	-	20
EPA	1,535,745	456,513
UMICH	-	28,548
TBEP TBERF	<u>70,480</u>	<u>-</u>
	<u>1,642,065</u>	<u>486,871</u>
	<u>\$ 1,667,180</u>	<u>\$ 513,520</u>

No allowance for uncollectable amounts was considered necessary as of December 31, 2020 and 2019.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

4. INVESTMENTS

Investments as of December 31, 2020 and 2019 are comprised of the following:

	2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market	\$ 184,664	\$ 184,664	\$ -
Certificates of deposit	200,000	200,438	438
	<u>\$ 384,664</u>	<u>\$ 385,102</u>	<u>\$ 438</u>
	2019		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market	\$ 246,548	\$ 246,548	\$ -
Certificates of deposit	133,000	133,676	676
	<u>\$ 379,548</u>	<u>\$ 380,224</u>	<u>\$ 676</u>

Investment income consisted of the following for the years ended December 31:

	2020	2019
Interest and dividends	\$ 5,145	\$ 8,230
Unrealized (loss) gain on investments	(238)	1,888
	<u>\$ 4,907</u>	<u>\$ 10,118</u>

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

5. FAIR VALUE MEASUREMENTS

The Organization records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standard emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy was established that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 - inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at common quoted intervals.

Level 3 - inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Organization's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities.

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of December 31, 2020 and 2019:

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

	2020		
	Fair Value	Level 1	Level 2
Money market	\$ 184,664	\$ 184,664	\$ -
Certificates of deposit	200,438	-	200,438
	<u>\$ 385,102</u>	<u>\$ 184,664</u>	<u>\$ 200,438</u>
	2019		
	Fair Value	Level 1	Level 2
Money market	\$ 246,548	\$ 246,548	\$ -
Certificates of deposit	133,676	-	133,676
	<u>\$ 380,224</u>	<u>\$ 246,548</u>	<u>\$ 133,676</u>

6. DEFERRED REVENUE

There was no deferred revenue as of December 31, 2020. Certain amounts pertaining to corporate sponsorship for the 2020 biennial conference were received in advance in 2019. The amount of sponsorship received through December 31, 2019 that was related to this conference totaled \$93,840.

7. PAYCHECK PROTECTION PROGRAM LOAN

The Organization received loan proceeds in the amount of \$145,300 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and also as long as the Organization maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months. The Organization has applied for forgiveness of the PPP loan in full and has asserted that it has utilized the funds in accordance with the purposes of the PPP accordingly.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

8. RELATED PARTIES

The Organization receives contributions from member affiliates for support of advocacy programs. The President, CEO or other comparable position of these affiliates are members of the Organization's Board of Directors. During the years ended December 31, 2020 and 2019, the Organization received \$45,000 and \$45,000, respectively, from these member affiliates. In addition, during the years ended December 31, 2020 and 2019, the Organization awarded subgrants to these member affiliates totaling \$218,627 and \$222,944 respectively.

9. REVENUE CONCENTRATION

Approximately 80% of the Organization's revenue for each of the years ended December 31, 2020 and 2019, respectively, was derived from grants and contracts awarded by agencies of the United States Government. The Organization has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

10. NET ASSETS WITH DONOR RESTRICTION

A summary of activity in net assets with donor restriction for the years ended December 31, 2020 and 2019 is as follows:

	2020			
	Balance Dec 31, 2019	Support and revenue	Net assets released from restrictions	Balance Dec 31, 2020
Purpose restrictions:				
Tampa Bay projects	\$ 163,436	\$ 75,000	\$ (103,513)	\$ 134,923
Scotts CRP	-	180,000	-	180,000
CITGO	448	30,000	(448)	30,000
Wilcox Farms	-	500	-	500
	<u>\$ 163,884</u>	<u>\$ 285,500</u>	<u>\$ (103,961)</u>	<u>\$ 345,423</u>

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

10. NET ASSETS WITH DONOR RESTRICTION (CONTINUED)

	2019			Balance Dec 31, 2019
	Balance Dec 31, 2018	Support and revenue	Net assets released from restrictions	
Purpose restrictions:				
Tampa Bay projects	\$ 126,937	\$ 89,457	\$ (52,958)	\$ 163,436
Clean Foundation	2,000	-	(2,000)	-
Scotts CRP	15,000	85,000	(100,000)	-
Conservation International	1,400	-	(1,400)	-
Munson Foundation	6,536	-	(6,536)	-
Wildlife Forever Fund	10,000	-	(10,000)	-
CITGO	-	448	-	448
	<u>\$ 161,873</u>	<u>\$ 174,905</u>	<u>\$ (172,894)</u>	<u>\$ 163,884</u>

11. RETIREMENT PLAN

The Organization maintains a qualified retirement plan and a voluntary 401(k) plan. Regular full-time employees are eligible for retirement benefits and the voluntary 401(k) plan upon completion of 90 days of continuous employment. Employees hired prior to March 2, 2009 are fully vested in the 401(k) plan employer contributions after 90 days of continuous employment. Employees hired after March 2, 2009 are fully vested in the 401(k) plan employer contributions after one year of continuous employment. The Organization contributes a percentage of the eligible employee's annual salary. Retirement plan expense of the Organization under this plan was \$29,109 and \$27,414 for the years ended December 31, 2020 and 2019, respectively.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

12. COMMITMENTS AND CONTINGENCIES

Office Lease

The Organization signed a five year office lease on March 11, 2013 that expired March 31, 2018, but was extended through August 31, 2023 during the fiscal year. The lease contains a provision for annual rent increase of 2.5% and requires the Organization to pay, as additional rent, a proportionate share of any increase over the base year of all taxes assessed on the property and operating expenses. Additionally, the lease extension includes an abatement of rent for the first five months of lease extension. Rent expense for the years ended December 31, 2020 and 2019 was \$53,413 and \$54,103, respectively.

Future minimum lease payments under the lease extension are as follows:

2021	\$	57,180
2022		58,609
2023		39,927
	\$	<u>155,716</u>

Novel COVID-19 Coronavirus

Citizens and economies of the United States and other countries have been significantly impacted by the coronavirus (COVID-19) pandemic. While it is premature to accurately predict how the coronavirus will ultimately affect the Organization's operations because the disease's severity and duration are uncertain, we expect 2021 financial results will be significantly impacted and the implications beyond 2021, while unclear, could also be adversely impacted. No pandemic implications are accounted for in these financial statements.

13. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 22, 2021, the date the financial statements were available to be issued.