

RESTORE AMERICA'S ESTUARIES
(a nonprofit organization)

FINANCIAL STATEMENTS

Year Ended December 31, 2019
with Summarized Comparative Information
for the year ended December 31, 2018

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6 - 7
Notes to Financial Statements	8 - 19

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, 2019, 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, 2019, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2020, 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 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 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.

Emphasis of Matter - Subsequent Event

As noted in Note 13 to the financial statements, economic uncertainties have arisen as a result of the spread of the novel coronavirus which are likely to negatively 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kemper and Company, CPA, P.C.

Alexandria, Virginia
November 14, 2020

RESTORE AMERICA'S ESTUARIES**STATEMENT OF FINANCIAL POSITION****December 31, 2019 (with Comparative Information as of December 31, 2018)**

	ASSETS	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 312,527	\$ 184,824
Investments	380,224	287,609
Accounts receivable	26,649	151,332
Grants receivable	486,871	266,559
Prepaid expenses	91,530	5,995
TOTAL CURRENT ASSETS	<u>1,297,801</u>	<u>896,319</u>
OTHER ASSETS		
Long-term investments	-	132,614
Security deposit	4,452	4,452
TOTAL OTHER ASSETS	<u>4,452</u>	<u>137,066</u>
TOTAL ASSETS	<u>\$ 1,302,253</u>	<u>\$ 1,033,385</u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 597,543	\$ 373,341
Deferred revenue	93,840	-
Deferred rent	3,404	2,043
TOTAL CURRENT LIABILITIES	<u>694,787</u>	<u>375,384</u>
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	16,032	19,436
TOTAL LIABILITIES	<u>710,819</u>	<u>394,820</u>
NET ASSETS		
Without donor restrictions	427,550	476,692
With donor restrictions	163,884	161,873
TOTAL NET ASSETS	<u>591,434</u>	<u>638,565</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,302,253</u>	<u>\$ 1,033,385</u>

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019 (with Summarized Comparative Information for the year ended December 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Government grants	\$ 2,370,211	\$ -	\$ 2,370,211	\$ 1,343,111
Grants and contributions	291,552	174,905	466,457	371,803
Conferences and meetings	62,080	-	62,080	672,000
Affiliate dues	46,500	-	46,500	45,600
Investment income	10,118	-	10,118	7,373
Other income	599	-	599	2,120
Net assets released from restriction:				
Satisfaction of program restrictions	172,894	(172,894)	-	-
TOTAL SUPPORT AND REVENUE	2,953,954	2,011	2,955,965	2,442,007
EXPENSES				
Program services	2,711,096	-	2,711,096	2,254,486
General and administrative	193,497	-	193,497	209,933
Fundraising	98,503	-	98,503	79,561
TOTAL EXPENSES	3,003,096	-	3,003,096	2,543,980
CHANGE IN NET ASSETS	(49,142)	2,011	(47,131)	(101,973)
NET ASSETS, beginning of year	476,692	161,873	638,565	740,538
NET ASSETS, end of year	\$ 427,550	\$ 163,884	\$ 591,434	\$ 638,565

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019 (with Summarized Comparative Information for the year ended December 31, 2018)

	2019			Total	2018
	Program Services	General and Administrative	Fundraising		
EXPENSES					
Affiliate support	\$ 1,693,870	\$ -	\$ -	\$ 1,693,870	\$ 499,259
Payroll and related costs	687,246	64,825	87,241	839,312	1,028,886
Professional fees	92,271	28,367	4,577	125,215	212,090
Grant partner support	117,228	-	-	117,228	162,961
Office related expense	7,749	61,588	1,535	70,872	66,357
Meeting, conference, staff development	53,044	6,044	-	59,088	72,205
Travel	30,405	13,485	366	44,256	56,873
NOAA/CRP member support	21,400	-	-	21,400	21,976
Communications	3,032	11,533	75	14,640	19,658
Business related costs	2,681	7,345	4,216	14,242	29,699
Product production	1,972	146	25	2,143	10,358
Postage and delivery	198	164	468	830	2,299
National conference	-	-	-	-	361,342
Other expenses	-	-	-	-	17
TOTAL EXPENSES	\$ 2,711,096	\$ 193,497	\$ 98,503	\$ 3,003,096	\$ 2,543,980

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES**STATEMENT OF CASH FLOWS****Year Ended December 31, 2019 (with Comparative Information for the year ended December 31, 2018)**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	\$ 2,944,058	\$ 2,111,036
Investment income	8,230	8,192
	<u>2,952,288</u>	<u>2,119,228</u>
Cash disbursed by operations		
Payments to suppliers and employees	<u>2,866,472</u>	<u>2,166,733</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>85,816</u>	<u>(47,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and transfer of investments	100,000	-
Purchase of investments and reinvested dividends	<u>(58,113)</u>	<u>(8,108)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>41,887</u>	<u>(8,108)</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	127,703	(55,613)
CASH AND RESTRICTED CASH, beginning of year	<u>184,824</u>	<u>240,437</u>
CASH AND RESTRICTED CASH, end of year	<u>\$ 312,527</u>	<u>\$ 184,824</u>

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF CASH FLOWS

Year Ended December 31, 2019 (with Comparative Information for the year ended December 31, 2018)

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2019</u>	<u>2018</u>
CHANGE IN NET ASSETS	<u>\$ (47,131)</u>	<u>\$ (101,973)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Non-cash occupancy costs	(2,043)	20,035
Unrealized loss on investments	<u>(1,888)</u>	<u>819</u>
NET ADJUSTMENTS	<u>(3,931)</u>	<u>20,854</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH		
ASSETS		
Accounts receivable	124,683	(87,521)
Grants receivable	(220,312)	(153,077)
Prepaid expenses	<u>(85,535)</u>	<u>112,754</u>
	<u>(181,164)</u>	<u>(127,844)</u>
LIABILITIES		
Accounts payable and accrued expenses	224,202	244,458
Deferred revenue	<u>93,840</u>	<u>(83,000)</u>
	<u>318,042</u>	<u>161,458</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>136,878</u>	<u>33,614</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 85,816</u></u>	<u><u>\$ (47,505)</u></u>
NON-CASH INVESTING ACTIVITIES		
Increase (decrease) in fair value of investments	\$ 1,888	\$ (819)
Unrealized (gain) loss in fair value of investments	<u>(1,888)</u>	<u>819</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

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, 2019 and 2018, 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, 2019 and 2018.

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, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

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.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

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

Revenue Recognition

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.

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.

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.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

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

Donated Goods and Services

Donated goods and services are recorded at their estimated fair value on the date of receipt.

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, meeting, conference, staff development, travel, communications, business related costs, product production, and postage and delivery have been allocated among program services, general and administrative, and fundraising 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, 2018, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made within the 2018 financial statement presentation to conform to the classifications used in the 2019 financial statements.

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.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

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

Liquidity (Continued)

The Organization's financial assets available within one year to meet cash needs for general expenditures through December 31, 2020 are as follows:

Financial Assets	
Cash	\$ 312,527
Investments	380,224
Accounts receivable	26,649
Grants receivable	486,871
Total financial assets	<u>\$ 1,206,271</u>
Less amounts not available within one year	
Purpose restricted net assets	<u>(163,884)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 1,042,387</u></u>

2. CASH

Cash as of December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Checking accounts	\$ 312,527	\$ 184,374
Savings account	<u>-</u>	<u>450</u>
	<u><u>\$ 312,527</u></u>	<u><u>\$ 184,824</u></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, 2019 and 2018 not covered by FDIC deposit insurance were \$133,862 and \$48,990, respectively.

The Organization maintained restricted cash in the amounts of \$163,884 and \$161,873 for the years ended December 31, 2019 and 2018, respectively.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

3. ACCOUNTS AND GRANTS RECEIVABLE

Receivables as of December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Accounts receivable - program and miscellaneous	\$ 26,649	\$ 151,332
Grants receivable		
NOAA	1,790	37,396
USFWS	20	1,800
EPA	456,513	136,936
UMICH	28,548	39,536
Other	-	50,891
	<u>486,871</u>	<u>266,559</u>
	<u>\$ 513,520</u>	<u>\$ 417,891</u>

No allowance for uncollectable amounts was considered necessary as of December 31, 2019 and 2018.

4. INVESTMENTS

Investments as of December 31, 2019 and 2018 are comprised of the following:

	<u>2019</u>		
	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>
	<u>2018</u>		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market	\$ 54,553	\$ 54,553	\$ -
Certificates of deposit	366,000	365,670	(330)
	<u>\$ 420,553</u>	<u>\$ 420,223</u>	<u>\$ (330)</u>

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

4. INVESTMENTS (CONTINUED)

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

	2019	2018
Interest and dividends	\$ 8,230	\$ 8,192
Unrealized gain (loss) on investments	1,888	(819)
	<u>\$ 10,118</u>	<u>\$ 7,373</u>

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.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2019 and 2018:

	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>
2018			
	Fair Value	Level 1	Level 2
Money market	\$ 54,553	\$ 54,553	\$ -
Certificates of deposit	365,670	-	365,670
	<u>\$ 420,223</u>	<u>\$ 54,553</u>	<u>\$ 365,670</u>

6. DEFERRED REVENUE

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. 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, 2019 and 2018, the Organization received \$45,000 and \$45,000, respectively, from these member affiliates. In addition, during the years ended December 31, 2019 and 2018, the Organization awarded subgrants to these member affiliates totaling \$222,944 and \$214,139 respectively.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

8. REVENUE CONCENTRATION

Approximately 80% and 55% of the Organization's revenue for the years ended December 31, 2019 and 2018, 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.

9. NET ASSETS WITH DONOR RESTRICTION

A summary of activity in net assets with donor restriction for the years ended December 31, 2019 and 2018 is as follows:

	2019			
	Balance Dec 31, 2018	Support and revenue	Net assets released from restrictions	Balance Dec 31, 2019
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>

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

9. NET ASSETS WITH DONOR RESTRICTION (CONTINUED)

	2018			Balance Dec 31, 2018
	Balance Dec 31, 2017	Support and revenue	Net assets released from restrictions	
Purpose restrictions:				
Tampa Bay projects	\$ 179,853	\$ -	\$ (52,916)	\$ 126,937
Clean Foundation	-	2,000	-	2,000
Accenture-GBF	1,902	-	(1,902)	-
Scotts CRP	65,000	15,000	(65,000)	15,000
Friends of Herring River	2,069	-	(2,069)	-
Conservation International	-	1,400	-	1,400
Munson Foundation	33,896	-	(27,360)	6,536
Wildlife Forever Fund	459	10,000	(459)	10,000
CITGO	2,452	-	(2,452)	-
	<u>\$ 285,631</u>	<u>\$ 28,400</u>	<u>\$ (152,158)</u>	<u>\$ 161,873</u>

10. 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 \$27,414 and \$28,183 for the years ended December 31, 2019 and 2018, respectively.

11. DONATED SERVICES

During 2018, the donated services received including airfare, boat and crew, and product donations supported RAE's 9th National Summit on Coastal and Estuarine Restoration and the 26th Biennial Meeting of the Coastal Society. The Organization received no donated services in 2019. The amount of donated services recognized for the years ended December 31, 2019 and 2018 was \$0 and \$28,500, respectively.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

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, 2019 and 2018 was \$54,103 and \$53,347, respectively.

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

2020	\$	55,785
2021		57,180
2022		58,609
2023		39,927
	\$	<u>211,501</u>

Future Meeting Sites

The Organization entered into contracts with hotels and convention centers for the Summit expected to occur during fiscal year ended 2020. Total cancellation penalties related to these contracts as of December 31, 2019 were approximately \$159,162. Subsequent to year end, the Summit was cancelled due to COVID-19 and full refunds of deposits were provided. All contingencies related to cancellation fees were waived accordingly.

RESTORE AMERICA'S ESTUARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (with Comparative Information as of and for the year ended December 31, 2018)

13. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2020, the date the financial statements were available to be issued.

Novel COVID-19 Coronavirus

Subsequent to the fiscal year end, 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 2020 financial results will be impacted and the implications beyond 2020, while unclear, could also be adversely impacted. No pandemic implications are accounted for in these financial statements.

Additionally, subsequent to the fiscal year end, the Organization received loan proceeds in the amount of \$145,200 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 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 intends to use the proceeds for the purposes consistent with the PPP.